

DATE: APRIL 11, 2011

AGENDA ITEM 9

TO: THE LOS ANGELES GRAND AVENUE AUTHORITY

FROM: MARTHA WELBORNE, MANAGING DIRECTOR
GRAND AVENUE COMMITTEE

SUBJECT: SECOND AMENDMENT TO THE DISPOSITION AND DEVELOPMENT
AGREEMENT AND CONSENT TO AMENDED ASSIGNMENT OF CERTAIN
RIGHTS FOR PHASE II FROM GRAND AVENUE L.A., LLC TO THE BROAD
COLLECTION

COMMITTEE

REVIEW: RECOMMENDATIONS OF THE GRAND AVENUE COMMITTEE ON THE
GRAND AVENUE PROJECT

It is recommended that the Authority:

1. Hold a Public Hearing pursuant to Health & Safety Code Section 33431 regarding the disposition of the Authority parcels located on Grand Avenue and 1st Street to Grand Avenue L.A., LLC and the Broad Collection for the development of the modified mixed-use Grand Avenue Project.
2. Approve the Second Amendment to the Disposition and Development Agreement ("Second Amended DDA") allowing for (a) construction of the expanded public parking facility and plaza as part of Phase IIA, (b) division of Phase II into 2 new Phases-Phase IIB being the development of Parcel M-2 and Phase IIC being the development of the portion of Parcel L above the public parking facility, (c) extending the deadlines for Developer to acquire the ground leases for the Phase IIB, Phase IIC and Phase III Parcels and for commencement of construction for Phases IIB, IIC and III, (d) providing a method for the Authority to receive funds from the CRA to finance the affordable housing units in Phase IIB and (e) authorization for the Chair to execute documents substantially in the form attached and after approvals as to form by Authority counsel; and
3. Consent to Grand Avenue L.A., LLC's amended assignment and assumption agreement with Broad Collection with respect to certain rights to Phase II under the Disposition and Development Agreement (Grand Avenue) in order to permit Broad Collection to construct the enlarged public parking facility on Parcel L in accordance with the DDA, as amended by the Second Amendment to the Disposition and Development Agreement, and authorization for the Chair to sign documents substantially in the form attached and after approval as to form by Authority counsel.

PURPOSE AND JUSTIFICATION OF RECOMMENDED ACTIONS

Background

The First Amendment to the DDA acknowledged the assignment by Grand Avenue LA, LLC (“Developer”) to The Broad Collection (“Broad”) of certain rights with respect to Phase II of the Grand Avenue Project and created a new Phase IIA of the Grand Avenue Project to facilitate (i) the development by Broad of a portion of Parcel L of the Redevelopment Plan with a three-story public parking garage and (ii) the construction by Broad of a new contemporary art museum in downtown Los Angeles above the public parking garage on Parcel L, bounded by Grand Avenue, Second Street and GTK Way.

In October 2010, the CRA/LA entered into a Parking Facility and Museum Development Agreement (“PFMDA”) with Broad for the parking structure and museum. The CRA/LA determined the 290-space parking structure was necessary to meet current and future downtown parking needs. The museum only requires parking for 120 vehicles and could secure those spaces elsewhere, but they have agreed to build the parking garage for the CRA/LA as part of the overall museum project. Under the October PFMDA, Broad agreed to finance and construct the parking facility, at an estimated cost of \$25 million. The CRA/LA advanced \$8 million to Broad, and the balance of \$17 million plus interest was to be paid to reacquire the completed parking facility over the course of 10 years, assuming the availability of net tax increment funds. Once the parking garage is complete, it will be owned and operated by the CRA/LA. Broad will lease approximately 120 parking spaces from the CRA/LA.

Additionally, Broad contributed \$7.7 million to the Authority, which has earmarked the funds for the CRA/LA to use for affordable housing as part of the Grand Avenue Project.

Current Parcel L and Plaza Proposal

After further discussions with Grand Avenue L.A., LLC, the Developer, it was determined that the development of the remainder of Parcel L, which is designated under the DDA for a high rise condominium tower and commercial uses, would have to be reconfigured and redesigned due to the financing constraints. The parties, however, wish to ensure that as much of Grand Avenue frontage and property surrounding the planned museum is developed including the planned public plaza over GTK Way. The CRA/LA has also been actively pursuing financing strategies to incentivize Developer to develop the adjacent Parcel M-2 by providing additional needed parking for Developer’s proposed high-rise rental development. And given the current timing for the construction of this project, as a further incentive, the CRA/LA wishes to transfer and advance the obligation to build the public plaza from the Developer to Broad. The CRA/LA also wants to ensure that there is a pedestrian-friendly connection from the planned Regional Connector anticipated for Hope and Second Streets to Grand Avenue.

Expanded Garage

Accordingly, CRA/LA seized the opportunity to work with Broad to expand the parking garage to Hope Street. The CRA/LA determined that these additional spaces (which were previously approved in the original DDA Scope of Development) would be needed to serve the residential units that will ultimately be built as part of Phase II of the Grand Avenue Project. The expansion of the parking garage proposed to be built by Broad over the remainder of Parcel L would result in an additional 80 parking spaces for a total capacity for 370 vehicles and would significantly improve operational efficiency. In order to implement the expanded garage and public plaza, the CRA/LA amended its PFMDA with Broad in January 2011.

The proposed Second Amended DDA further amends certain provisions of the DDA to enlarge the “Garage Airspace Parcel” by including the additional airspace over the rear portion of Parcel L up to the elevation of Grand Avenue to allow Broad (Phase IIA Developer) to construct: (i) the enlarged parking facility, (ii) certain Grand Avenue Streetscape Improvements and (iii) the public plaza. Under the proposed Second Amended DDA, the expanded Garage Airspace Parcel will be developed by Broad with the enlarged public parking facility and that portion of Parcel L of the Redevelopment Plan will not be part of the parcel to be ground leased by the CRA to the Authority (and in turn, ground leased by the Authority to the Developer) in connection with the development of Phase II of the Grand Avenue Project. The Second Amended DDA will also reflect the Authority’s consent to the amended Phase IIA Assignment wherein Grand Avenue L.A., LLC (Developer) assigns to Broad (Phase IIA Developer) its rights as to the expanded Garage Airspace Parcel so that Broad will have the right to construct the enlarged parking facility over the entire Garage Airspace Parcel.

The portion of the enlarged parking garage that extends into the airspace over the rear portion of Parcel L will be designed to structurally support a future residential development by Developer identified in the Second Amended DDA as Phase IIC.

Street Widening and Public Plaza

As part of the Grand Avenue Project, the Developer was responsible for constructing a plaza along Grand Avenue, spanning to Hope Street. With the Regional Connector scheduled to be built on the corner of Hope and Second Streets, Hope Street is predicted to become an increasingly important portal for visitors to Grand Avenue. Accordingly, the parties propose to improve the connection between Hope Street and Grand Avenue by having Broad construct the public plaza over GTK Way in concert with its museum project. In addition, the CRA/LA has already allocated \$2 million to widen the sidewalks on both sides of Grand Avenue and to provide other streetscape upgrades. Broad has agreed with the CRA/LA to take on these additional tasks as part of the proposed amendment to the Second Amended DDA. Broad and Developer are required by the Second Amended DDA to enter into (i) a reciprocal easement agreement, such to LACRA’s approval, providing for ongoing operation and maintenance of the public plaza area with access by the public and visitors to the museum and the Phase IIB and IIC improvements and (ii) a reciprocal easement agreement with the LACRA and Authority providing for allocation of parking rights for residents and visitors to the Phase IIB and Phase IIC improvements and the museum.

Current Parcel M-2 Proposal

The Second Amended DDA will allow the Developer to divide the remaining portions of Phase II (on Parcels L and M-2) into two phases (Phase IIB and IIC) and downsize the project by amending the Scope of Development. Developer’s current proposal for Parcel M-2 (Phase IIB) is a 20-story, approximately 260-unit residential tower, with between 7,000 and 19,400 square feet of ground floor retail/restaurant space, and on-site structured parking accommodating 280 parking stalls. An additional 36 parking stalls for use by retail patrons, affordable residential tenants, residential guests, and staff will be provided in the Parcel L parking facility to be constructed by Broad. The Phase IIB project abuts the GTK public plaza, across from the Broad Museum, and will act as the plaza’s southern boundary. The Phase IIB tower has a 30-month construction period, with construction to begin no later than October 1, 2012.

Residential units include studios, one- and two-bedroom units, 20% of which (approximately 52 units) will be restricted through 55-year covenants for rental to low-income households earning less than 60% of area median income (“AMI”). The other 80% of the project will be rented at market rates.

The Developer currently contemplates the Phase IIC development as a residential tower of at least 6 stories, containing approximately 50 for-sale condominium and/or rental units, with a small amount of accessory commercial space at the level of the GTK Plaza.

The Second Amended DDA will modify the Scope of Development for the current proposal for Phase IIB and IIC.

Affordable Housing Financing

Residential affordability is proposed to be subsidized partly by an Authority grant of the \$7.7 million Broad Parcel L payment, plus accrued interest on that amount. Further funding for residential affordability will be provided by CRA/LA in the amount of \$5,626,000 through a 55-year residual receipts loan that will be deposited with and disbursed by the Authority during construction. The Second Amended DDA accordingly amends the Affordable Housing Funding provisions to: (a) allow the County Treasurer to hold the \$7.7 plus interest on behalf of the JPA for disbursement to Developer for housing and (b) provide that the CRA will deposit \$5.626 million in CRA affordable housing funds with the County Treasurer to hold for the JPA to disburse in accordance with the DDA, as amended.

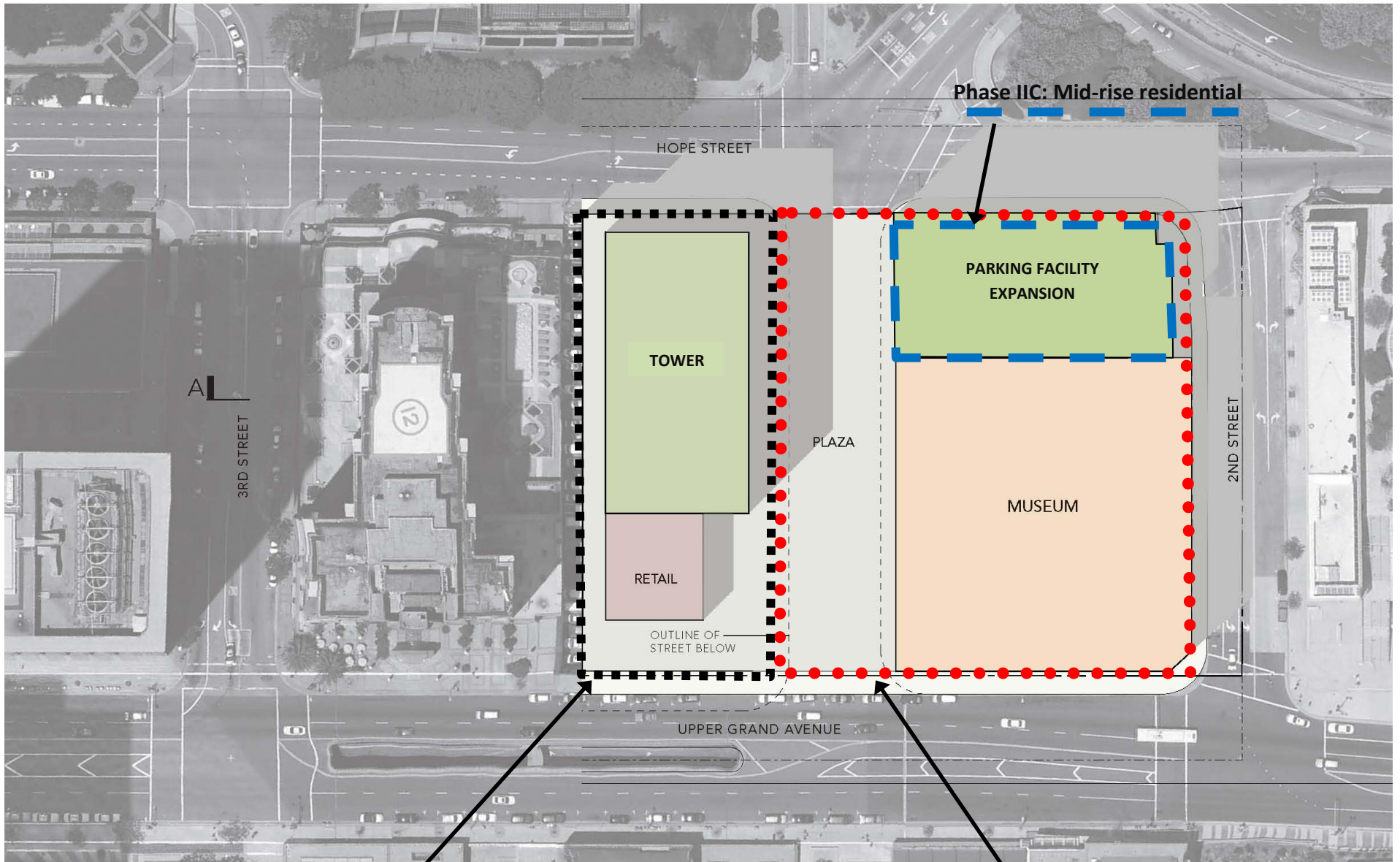
Phases IIB, IIC and III Time Extensions

The Second Amended DDA extends the deadlines for Developer to take down the ground leases for Parcels L, M-2 and W-2 and for commencement of construction for Phase IIB, Phase IIC, and Phase III by amending the Schedule of Performance. The Original DDA deadline of September 16, 2012 for commencement of construction of Phase II will be amended to October 1, 2012 for Phase IIB, and October 1, 2016 for Phase IIC. The outside date for commencement of construction for Phase III will be amended from March 16, 2014 to October 1, 2016. The Second Amended DDA also extends the deadline for Developer to specify the size of the development it will undertake on Phase III, referred to as the Phase III Notice Date, to October 1, 2014, to be consistent with the other date extensions. Finally, the Second Amended DDA also extends the dates by which Developer must pay the Leasehold Acquisition Fees for Phases IIB and IIC to June 16, 2011 and for Phase III to March 16, 2012, but deletes prior provisions of the DDA that allowed for certain extensions of such deadlines. In consideration for such date extensions, the Authority is providing in the Second Amended DDA for the right to notify Developer, by at least 6 month's notice, of a proposed public use of the Phase III property, in which case Developer will be obligated to either take down the Phase III ground lease and pay the leasehold acquisition fee to Authority by the deadline specified in the Authority's notice to Developer, or Developer will lose any further right to develop Phase III.

ENVIRONMENTAL REVIEW

On November 20, 2006, the Authority certified the Final EIR for the Grand Avenue Project, made Environmental Findings, and adopted Mitigation Measures and a Statement of Overriding Considerations in connection with the approval of the Grand Avenue Project. In connection with the DDA First Amendment, (i) the Authority caused a review of the proposed Phase IIA Improvements and the EIR which was approved by the CRA and the County as responsible agencies and by Authority as the lead agency in connection with the Original DDA, and (ii) the Authority's consultant generated an EIR Addendum to comply with CEQA requirements for the proposed Phase IIA Improvements. The amended Scope of Development proposed by the Second Amended DDA with respect to Phase IIB and Phase IIC is less dense than the Scope of Development for the original Phase II. The amended Scope of Development with respect to Phase IIB and Phase IIC is within the scope of the previously certified EIR and EIR Addendum.

ATTACHMENT C: Conceptual Site Plan
Grand Avenue Project Phase II



Phase IIB: Residential tower with
ground-floor commercial



Phase IIA: Museum, Parking Facility, Plaza

AMENDED AND RESTATED GRAND AVENUE PROJECT-PHASE IIA PARCEL ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS AMENDED AND RESTATED GRAND AVENUE PROJECT-PHASE IIA PARCEL ASSIGNMENT AND ASSUMPTION AGREEMENT (this “**Amended Agreement**”) is entered into as of April 11, 2010, by and between GRAND AVENUE L.A., LLC, a Delaware limited liability company (Series D) (“**Assignor**”), and THE BROAD COLLECTION, a California nonprofit public benefit corporation (“**Assignee**”).

RECITALS

A. Assignor and The Los Angeles Grand Avenue Authority, a California joint powers authority (“**Authority**”) are parties to that certain Disposition and Development Agreement dated as of March 5, 2007 (the “**Original DDA**”), pertaining to the development by Assignor of certain real property adjacent to the Los Angeles downtown Civic Center and Music Center with retail, hotel, office and housing (including affordable housing), together with destination urban park uses and the remaking of Grand Avenue into active and inviting pedestrian uses, all as more particularly described in the Original DDA (collectively, the “**Grand Avenue Project**”).

B. Assignee desires to construct and operate a world-class museum to serve as the home and showcase of the Broad collections and the international headquarters of The Broad Art Foundation’s worldwide lending program (the “**Museum**”) on the Museum Parcel (as hereinafter defined). It is currently contemplated that the Museum will be compatible in design with Disney Concert Hall and will comprise up to 120,000 square feet of space, including approximately 40,000 square feet of storage and archive space, approximately 6,000 square feet of museum and foundation office and administrative space, approximately 4,000 square feet of public lecture/meeting space, approximately 40,000 square feet of art exhibition space and, at Assignee’s option, a museum shop and other facilities and amenities consistent with other purposes and uses of the Museum. Assignor wishes to facilitate the development of the Museum and the other improvements on the Museum Parcel as a cultural amenity for the City and County, and as an amenity for the Grand Avenue Project to be developed by Assignor.

C. Pursuant to that certain First Amendment to Disposition and Development Agreement dated as of August 23, 2010 (the “**DDA First Amendment**”), by and among Assignor, Assignee and Authority, the Original DDA was amended to, among other things, create a new sub-phase of Phase II (as defined in the Original DDA) called “Phase IIA” to permit the development of the Museum on the Museum Parcel.

D. In anticipation of the DDA First Amendment, Assignor and Assignee entered into that certain Grand Avenue Project-Phase IIA Parcel Assignment and Assumption Agreement dated as of June 21, 2010 (the “**Original Agreement**”), whereby Assignor intended to assign certain of Assignor’s rights, and Assignee intended to assume certain of Assignor’s obligations, under the Original DDA, as amended by the DDA First Amendment, with respect to the development of the Phase IIA (as defined in the DDA First Amendment) to Assignee.

E. Assignor and Assignee desire to enter into this Amended Agreement in order to

amend and restate the Original Agreement in its entirety to effectuate the assignment by Assignor, and the assumption by Assignee, of certain additional rights and obligations under the Amended DDA in order to enable Assignee, in lieu of Assignor, to construct (i) the Phase IIA Parking Garage (as hereinafter defined), (ii) the Public Plaza on the Plaza Parcel (as such terms are hereinafter defined), and (iii) the Phase IIA Streetscape (as hereinafter defined). The Museum, the Phase IIA Parking Garage, the Public Plaza and the Phase IIA Streetscape are hereinafter referred to as the “**Phase IIA Improvements.**”

F. Assignor, Assignee and Authority intend to further amend the Original DDA and DDA First Amendment by entering into a Second Amendment to Disposition and Development Agreement (the “**DDA Second Amendment**”), in order to, among other things, expand the scope of Phase IIA (as defined in the DDA Second Amendment) to include all of the Phase IIA Improvements. The Original DDA, as amended by the DDA First Amendment, as further amended by the DDA Second Amendment is referred to herein as the “**Amended DDA.**” Capitalized terms not defined herein shall have the meanings given them in the Amended DDA.

G. Authority’s consultant, at Assignee’s cost and expense, has generated an Addendum (the “**EIR Addendum**”) to the EIR in order to comply with the California Environmental Quality Act requirements for the proposed Phase IIA Improvements. Authority, as lead agency, and CRA and the County, as responsible agencies, have reviewed, approved and adopted the EIR Addendum.

H. Assignor is a series limited liability company, and the rights held by Assignor pertaining to Phase II and Phase III have been allocated to “Series D” of Assignor. For the avoidance of doubt, Assignor, and not the “Series D Member,” holds the rights pertaining to Phase II and Phase III under the Original DDA, the DDA First Amendment and the DDA Second Amendment.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Consideration; Effectiveness of Assignment and Assumption.

1.1 Consideration. Assignee has paid to Assignor the sum of \$1,000, the receipt of which Assignor hereby acknowledges. Assignor shall be entitled to retain said sum of \$1,000 in any and all events. In addition, Assignor acknowledges that Assignee has expended more than \$2,000,000 in connection with its due diligence examination, architectural plans, the EIR Addendum and other related matters pertaining to the Phase IIA Improvements, in reliance upon the Original Agreement. Assignor agrees that the foregoing constitutes full and adequate consideration for its covenants and obligations under this Agreement.

1.2 Effectiveness of Assignment and Assumption. The assignment and assumption set forth herein shall be effective (the “**Effective Date**”) as to a Phase IIA Parcel when the following shall have occurred: (i) the Authority and the CRA execute their respective consents to this Amended Agreement where indicated following the signature blocks of Assignor and Assignee to evidence their consent and agreement hereto and thereto; (ii) the DDA First

Amendment and the DDA Second Amendment are each executed by the Authority, Assignor and Assignee; (iii) solely in respect of the Museum Parcel, the Museum Parcel Ground Lease is executed by the Authority and Assignee and is effective; (iv) solely in respect of the Garage Airspace Parcel, the CRA has conveyed the Garage Airspace Parcel to Assignee; and (v) solely in respect of the Plaza Parcel, the CRA has conveyed the Plaza Parcel to Assignee.

2. Assignment and Assumption. As of the Effective Date in respect of each applicable Phase IIA Parcel, Assignor hereby assigns, transfers, sets over, and conveys to Assignee all of Assignor's right, title and interest in, to, and under the Amended DDA with respect to (individually, an "**Entitlement**" and collectively, the "**Entitlements**"): (i) the airspace parcel consisting specifically of approximately 38,000 – 39,000 gross square feet measured along the entire portion of Parcel L that fronts on Grand Avenue (approximately 190-196 feet) and extending back toward Hope Street from the property line for exactly 200 feet, as more particularly described in Schedule 1 attached hereto (the "**Museum Parcel**"), including without limitation the right to build up to 120,000 gross square feet of space for the Museum; (ii) the airspace parcel over Parcel L, as more particularly described in Schedule 2 attached hereto (the "**Garage Airspace Parcel**"), within which Assignee will construct a three level parking facility with approximately three hundred seventy (370) parking spaces (the "**Phase IIA Parking Garage**"); (iii) the airspace parcel over GTK Way, as more particularly described in Schedule 3 attached hereto (the "**Plaza Parcel**" and together with the Museum Parcel and the Garage Airspace Parcel, collectively, the "**Phase IIA Parcels**" and individually, each a "**Phase IIA Parcel**"), upon which Assignee will construct an approximately 24,000 square foot permanent plaza (the "**Public Plaza**"); and (iv) the Streetscape Improvements to Grand Avenue (as defined in Section 301(2) of the Original DDA) to be constructed on Grand Avenue between Second and Third Streets, specifically excluding the Streetscape Improvements related to Phase I (the "**Phase IIA Streetscape**"); provided, however that the Entitlements shall specifically exclude the Assignor's right, title and interest in the Public Plaza REA and the Museum/Phase IIB/Phase IIC REA to be entered into pursuant to the Amended DDA. Assignee accepts the assignment of the Entitlements from Assignor "AS-IS," without representation or warranty of any nature whatsoever, express or implied, in fact or by law, except as expressly set forth in Sections 6.1 and 12.8. As of the Effective Date in respect of each applicable Phase IIA Parcel, Assignee hereby assumes and agrees to perform all of Assignor's obligations and duties under the Amended DDA accruing on or after such Effective Date that bear a direct relationship to such Phase IIA Parcel, including, without limitation, the obligations and duties described on Exhibit "A" attached hereto and incorporated herein by this reference, except as provided in Section 8 hereof (the "**DDA Assumed Obligations**"). In respect of the Phase IIA Streetscape, for the purpose of determining the Effective Date, the assignment of rights and the assumption of obligations, the Phase IIA Streetscape shall be considered to be part of the Museum Parcel.

3. Assignor Retained Obligations. It is expressly agreed that Assignor is retaining all rights and obligations under the Amended DDA with respect to Phase I, Phase IIB, Phase IIC and Phase III (i.e., other than the rights assigned to Assignee under Section 2 hereof and the DDA Assumed Obligations) (referred to herein collectively as the "**Assignor Retained Obligations**").

4. Construction Items. In connection with their respective development, construction and operational activities, Assignor and Assignee agree as follows:

4.1 Cooperation. Assignor and Assignee agree to coordinate their construction to the extent reasonable and appropriate and to work with one another collaboratively and in good faith to facilitate the development of Phase IIA, Phase IIB and Phase IIC and to minimize one another's costs related to such construction as much as commercially reasonable.

4.2 Museum Height. Assignee agrees that the Museum height will not extend above the elevation of the existing Disney Hall Building (the stone office block) which fronts on Second Street, between Grand Avenue and Hope Street, in Los Angeles ("**Disney**"), except as follows:

(a) For the portion of the Museum Parcel that begins on the westerly property line of the Museum Parcel and extends fifty (50) feet toward the easterly property line at Grand Avenue, neither the Museum height nor any improvement constructed on the Museum Parcel shall extend more than sixteen (16) feet above the elevation of Disney.

(b) For the Phase IIA Parcels, except the area described in Section 4.2(a), the Phase IIA Improvements height shall not extend more than sixteen (16) feet above the elevation of Disney, with the exception, that "pop ups" for elevator penthouses, mechanical enclosures, or other improvements may extend as high as twenty-five (25) feet above the elevation of Disney.

4.3 Detrimental Effects. Assignee shall design, construct and operate the Museum in a manner to assure that the Museum does not introduce unreasonable noise, vibration, odors, glare, heat and other conditions that are detrimental to Phase IIB or Phase IIC. Assignor shall design, construct and operate Phase IIB and Phase IIC in a manner to assure that Phase IIB and Phase IIC do not introduce unreasonable noise, vibration, odors, glare, heat and other conditions that are detrimental to the Museum.

4.4 Construction and Design Plans. Assignee shall deliver the concept plans, schematic design plans and design development plans for the Phase IIA Improvements (the "**Plans**") to Assignor after each set of Plans is initially produced and, again, prior to submitting any final Plans to any governmental authority or agency in connection with the application for any permits. Within five (5) business days after delivery thereof, Assignor must provide all of its comments and requests for changes to the Plans. With respect to the Museum, Assignee will have complete and absolute discretion over the final design, except as may be otherwise specifically provided in Sections 4.2 and 4.3 hereof, but will consider Assignor's comments regarding and requests for changes to the Plans in good faith. With respect to the Phase IIA Parking Garage, the Public Plaza and the Phase IIA Streetscape, the Plans shall be approved by Assignor prior to the submission to any governmental authority or agency, provided Assignor must: (i) give its approval or reasons for disapproval within five (5) business days after delivery of the Plans to Assignor, or such Plans will be deemed approved; (ii) not unreasonably withhold or condition its approval; [(iii) not require any changes that are reasonably likely to have a materially adverse impact on Assignee's schedule (as may be modified or extended by Assignee from time to time), which Assignor acknowledges is currently calculated to achieve an opening date of early-Summer, 2013, and which therefore requires tight adherence to established milestone dates; (iv) not require any changes that will cause more than an insubstantial increase in the cost of the improvements, unless Assignor agrees in writing prior to the implementation of such changes to pay the cost of such changes; provided, however, that Assignor shall be relieved

of any obligation to pay such cost to the extent that Assignee is reimbursed for such costs by a governmental agency, it being agreed that Assignee shall reimburse Assignor for the cost of any changes required by Assignor only to the extent that (x) the total amount of reimbursement received by Assignee from one or more governmental agencies for costs incurred by Assignee to develop and construct the Phase IIA Parking Garage, the Public Plaza and the Phase IIA Streetscape exceeds (y) the aggregate of all of Assignee's costs in connection therewith excluding such costs incurred due to such changes requested by Assignor hereunder. – OPEN ISSUE]

5. DDA Modifications. Assignor hereby agrees that from and after the date hereof it will not enter into any amendment, modification or other agreement which (a) changes the terms of the Amended DDA with respect to any of the DDA Assumed Obligations without the consent of Assignee, which may be withheld in Assignee's sole discretion; or (b) changes the terms of the Amended DDA with respect to any other matter affecting the Phase IIA Parcels without the consent of Assignee, which Assignee shall not unreasonably withhold.

6. Representations.

6.1 By Assignor. Assignor hereby represents and warrants to Assignee the following:

(a) Assignor has all requisite power and authority to execute and deliver, and to perform, all its obligations under this Agreement, and nothing prohibits or restricts the right or ability of Assignor to enter into this Amended Agreement and carry out the terms hereof.

(b) This Amended Agreement and all agreements, instruments and documents herein provided to be executed or to be caused to be executed by Assignor are and will be duly authorized, executed and delivered by and will be binding upon Assignor.

(c) As of the Effective Date in respect of each applicable Phase IIA Parcel, Assignor will have obtained all consents and permissions related to the assignment herein contemplated and required under the Amended DDA in respect of such Phase IIA Parcel.

(d) As of the Effective Date in respect of each applicable Phase IIA Parcel, the Entitlement in respect of such Phase IIA Parcel will be free and clear of any liens, encumbrances or claims except as expressly set forth in this Amended Agreement and the Amended DDA.

(e) To the best of Assignor's current, actual knowledge, the Authority is not currently in default under the Amended DDA.

6.2 By Assignee. Assignee hereby represents and warrants to Assignor as follows:

(a) Assignee has all requisite power and authority to execute and deliver, and to perform, all its obligations under this Amended Agreement and nothing prohibits or restricts the right or ability of Assignee to enter into this Amended Agreement and carry out the terms hereof.

(b) This Amended Agreement and all agreements, instruments and documents herein provided to be executed or to be caused to be executed by Assignee are and will be duly authorized, executed and delivered by, and are and will be binding upon Assignee.

(c) Assignee has reviewed the Amended DDA, expressly including the provisions dealing with Phase IIA and is relying on such review, as well as the covenants, obligations and representations of Assignor expressly set forth herein, in entering into this Amended Agreement.

7. Museum Parcel Ground Lease. Assignee intends to enter into a ground lease with the Authority whereby the Authority will lease the Museum Parcel to Assignee for the construction and operation of the Museum and related uses (the “**Museum Parcel Ground Lease**”). The Museum Parcel Ground Lease will be in form and substance approved by Assignee and the Authority in their respective sole discretion and shall not be subject to review or approval by Assignor. Assignee will have no obligation or liability to Assignor of any kind or nature under or by reason of the Museum Parcel Ground Lease or the termination thereof for any reason whatsoever.

8. Costs and Expense.

8.1 Assignee shall pay the following costs and expenses:

(a) [The cost of any mitigation measures required prior to or under the existing EIR (“**Original Mitigation Measures**”) to the extent that such Original Mitigation Measures are required to be paid or performed directly as a result of the development or operation of the Phase IIA Improvements, but only if (i) the assignment and assumption set forth in Section 2 becomes effective pursuant to Section 1.2 in respect of the applicable Phase IIA Parcel, and (ii) no City or County agency assumes the cost of such Original Mitigation Measures. *Provided, however*, that immediately upon commencing such development and/or construction activities on the Phase IIB Parcel by Assignor that, under the existing EIR and/or the Original DDA and/or the DDA First Amendment and/or DDA Second Amendment, would require Assignor to pay for or perform any mitigation measures, Assignor will reimburse Assignee for the actual out-of-pocket cost of the Original Mitigation Measures paid for or performed by Assignee. – OPEN ISSUE]

(b) The cost of any incremental mitigation measures over and above the Original Mitigation Measures that (i) may be required by the EIR Addendum or (ii) are otherwise specifically related to and resulting from the Phase IIA Improvements, but only if (a) the assignment and assumption set forth in Section 2 becomes effective pursuant to Section 1.2 in respect of the applicable Phase IIA Parcel, and (b) no City or County agency assumes the cost of such incremental mitigation measures; and

(c) Any third-party costs and expenses incurred as a direct result of the Amended DDA with respect to matters that bear a direct relationship to the Phase IIA Improvements.

8.2 Assignor shall pay the following costs and expenses:

(a) The cost of all Original Mitigation Measures, (i) but only if no City or County agency assumes the cost of such mitigation measures, and (ii) subject to Section 8.1(a).

(b) All third-party costs and expenses incurred as a direct result of the Amended DDA with respect to any matter other than those discussed in Section 8.1(c).

8.3 Each party shall bear its own costs and expenses related to this Amended Agreement, including, but not limited to, attorneys fees and expenses, due diligence costs and the expense of its own review of the EIR Addendum, the Amended DDA, and the Plans. Each party shall bear its own costs and expenses, including but not limited to attorneys' fees and expenses, related to the review of the EIR Addendum and the preparation and review of the DDA First Amendment and DDA Second Amendment.

9. **REA**. Assignor and Assignee shall negotiate in good faith a mutually acceptable form of reciprocal easement agreement, as may be necessary, among Assignor and Assignee and the CRA when Assignor is ready to Commence Construction of Phase IIB. The form of such reciprocal easement agreement shall be subject to the reasonable written approval of the Authority.

10. **Indemnification**.

10.1 **Assignor's Indemnity**. Assignor shall indemnify, protect and defend Assignee, any affiliate of Assignee, and all their respective officers, trustees, directors, members, managers, partners, agents and employees, including without limitation, Eli Broad, Edythe Broad, The Eli and Edythe Broad Foundation and The Broad Art Foundation (collectively, the "**Broad Parties**") and any entities controlling, controlled by or under common control with Assignee or any of the Broad Parties (collectively, "**Assignee Indemnified Parties**"), from and against any and all claims, suits, demands, liability, damages and expenses, including reasonable attorneys' fees and costs (collectively, "**Indemnified Claims**"), incurred by the Assignee Indemnified Parties arising from or in connection with Assignor's failure to comply with (i) any of the terms, conditions and obligations of the Assignor Retained Obligations or (ii) any of its covenants or obligations under this Amended Agreement.

10.2 **Assignee's Indemnity**. Assignee shall indemnify, protect and defend Assignor, any affiliate of Assignor, and all their respective officers, trustees, directors, members, managers, partners, agents, employees, and any entities controlling, controlled by or under common control with Assignor (collectively, "**Assignor Indemnified Parties**"), from and against any and all Indemnified Claims incurred by the Assignor Indemnified Parties arising from or in connection with Assignee's failure to comply with (i) any of the DDA Assumed Obligations from and after the Effective Date in respect of each applicable Phase IIA Parcel or (ii) any of its covenants or obligations under this Amended Agreement.

11. **Option to Terminate**. In the event that, for any reason, the Effective Date in respect of all Phase IIA Parcels shall not occur on or before December 31, 2011, ("**Termination Option Date**"), then either Assignor or Assignee may at any time after the Termination Option Date, but prior to the occurrence of the Effective Date in respect of all Phase IIA Parcels, terminate this Amended Agreement as to such corresponding Phase IIA Parcel by written notice

(“**Termination Notice**”) given by such party to the other and to the Authority, such termination to be effective upon the timely giving of such Termination Notice. Upon and following the termination of this Amended Agreement pursuant to a Termination Notice being timely delivered, neither Assignor nor Assignee shall have any rights or obligations under this Amended Agreement except for liability for any default by a party under this Amended Agreement occurring prior to such termination and Assignor shall retain all of the rights and obligations under the Amended DDA without regard to this Amended Agreement.

12. General Provisions.

12.1 Governing Law. This Amended Agreement shall be governed by and construed in accordance with the internal laws of the State of California without regard to choice of law provisions.

12.2 Counterparts. This Amended Agreement may be executed in one or more counterparts, and each set of duly delivered identical counterparts which includes all signatories shall be deemed to be one original document.

12.3 Attorneys’ Fees and Costs. In the event of any dispute or litigation concerning the enforcement, validity or interpretation of this Amended Agreement, or any part hereof, the losing party shall pay all costs, charges, fees and expenses (including reasonable attorneys’ fees and costs) paid or incurred by the prevailing party.

12.4 Cooperation; Further Assurances. The parties hereto shall cooperate fully with each other in order to promptly and fully carry out the terms and provisions of this Amended Agreement. Each party hereto shall from time to time execute and deliver such other agreements, documents or instruments and take such other actions as may be reasonably necessary or desirable to effectuate the terms of this Amended Agreement.

12.5 No Personal Liability.

(a) Assignor. Assignee shall look solely to the assets of Assignor in the event of any default by Assignor under this Amended Agreement, and neither Related nor any affiliate of Related or Assignor, including without limitation, any entities controlling, controlled by or under common control with Related or Assignor, nor any of their respective officers, directors, fiduciaries, shareholders, advisors, members, managers, partners, agents and employees, shall have any personal liability hereunder or obligation to perform or comply with any covenant or obligation contained herein, and no personal liability or personal responsibility of any sort is assumed by, nor shall at any time be asserted or enforceable against any of the same. Assignee and all persons and entities claiming by, through or under Assignee hereby expressly waive and release all such personal liability.

(b) Assignee. Assignor shall look solely to the assets of Assignee in the event of any default by Assignee under this Amended Agreement, and none of the Broad Parties nor any affiliate of Assignee or any of the Broad Parties, including without limitation, any entities controlling, controlled by or under common control with Assignee or the any of the Broad Parties, nor any of their respective officers, directors, fiduciaries, shareholders, trustees, advisors, partners, members, managers, agents or employees, shall have any personal liability hereunder or

obligation to perform or comply with any covenant or obligation contained herein, and no personal liability or personal responsibility of any sort is assumed by, nor shall at any time be asserted or enforceable against any of the same. Assignor and all persons and entities claiming by, through or under Assignor hereby expressly waive and release all such personal liability.

12.6 Successors and Assigns. This Amended Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and assigns who are permitted successors and assigns under the Amended DDA.

12.7 Notices. Any notice which a party is required or may desire to give the other shall be in writing and may be sent by personal delivery or by mail (either [i] by United States registered or certified mail, return receipt requested, postage prepaid, or [ii] by Federal Express or similar generally recognized overnight carrier regularly providing proof of delivery), addressed as follows (subject to the right of a party to designate a different address for itself by notice similarly given):

TO ASSIGNEE: 10900 Wilshire Boulevard
12th Floor
Los Angeles, California 90024
Attention: Deborah Kanter, Esq.
Telecopier: (310) 954-5043
Telephone: (310) 954-5036

TO ASSIGNOR: c/o The Related Companies, L.P.
18201 Von Karman Ave.
Irvine, California 92612
Attention: William Witte
Telecopier: (949) 660-7273
Telephone: (949) 660-7272

With Copy To: Paul, Hastings, Janofsky & Walker LLP
515 S. Flower St., 25th Floor
Los Angeles, California 90071
Attention: Mitchell B. Menzer, Esq.
Telecopier: (213) 996-3111
Telephone: (213) 683-6111

Copies of all notices by either party hereunder shall be copied to the Authority at the following address:

c/o Grand Avenue Committee
Attention : Martha Welborne
Managing Director
c/o ZGF Architects
515 S. Flower Street
Suite 3700
Los Angeles, CA 90071

Any notice so given by mail shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be. Any such notice not so given (including notices by facsimile) shall be deemed given upon receipt of the same by the party to whom the same is to be given.

12.8 Brokers. Assignor represents and warrants to Assignee, and Assignee represents and warrants to Assignor, that no broker or finder has been engaged by it, in connection with the transaction contemplated by this Amended Agreement. In the event of a claim for broker's or finder's fee or commissions in connection with the transaction contemplated by this Amended Agreement, then Assignor shall indemnify, defend and hold harmless Assignee from the same if it shall be based upon any statement or agreement alleged to have been made by Assignor, and Assignee shall indemnify, defend and hold harmless Assignor from the same if it shall be based upon any statement or agreement alleged to have been made by Assignee.

12.9 Survival. All warranties, representations, covenants, obligations and agreements contained in this Amended Agreement shall survive the assignment hereunder and any and all performances hereunder.

12.10 Cumulative Remedies. Except as otherwise expressly herein provided, no remedy conferred upon a party in this Amended Agreement is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law, in equity or by statute.

12.11 No Waiver. No waiver by a party of any breach of this Amended Agreement or of any warranty or representation hereunder by the other party shall be deemed to be a waiver of any other breach by such other party (whether preceding or succeeding and whether or not of the same or similar nature), and no acceptance of payment or performance by a party after any breach by the other party shall be deemed to be a waiver of any breach of this Amended Agreement or of any representation or warranty hereunder by such other party, whether or not the first party knows of such breach at the time it accepts such payment or performance. No failure or delay by a party to exercise any right it may have by reason of the default of the other party shall operate as a waiver of default or modification of this Amended Agreement or shall prevent the exercise of any right by the first party while the other party continues to be so in default.

12.12 Consents and Approvals. Except as otherwise expressly provided herein, any approval or consent provided to be given by a party hereunder must be in writing to be effective.

12.13 Press Releases. Any press release issued with respect to the transactions contemplated by this Amended Agreement shall be subject to the prior approval of Assignor and Assignee.

12.14 Modification. This Amended Agreement may not be modified or amended except by written agreement signed by Assignor and Assignee.

12.15 Matters of Construction.

(a) Incorporation of Exhibits. All exhibits attached and referred to in this Amended Agreement are hereby incorporated herein as if fully set forth in (and shall be deemed to be a part of) this Amended Agreement.

(b) Entire Agreement. This Amended Agreement and other agreements executed by Assignor and Assignee in connection with this Amended Agreement contains the entire agreement between the parties respecting the matters herein set forth and supersedes all prior agreements between the parties hereto respecting such matters.

(c) Non-Business Days. Whenever action must be taken (including the giving of notice or the delivery of documents) under this Amended Agreement during a certain period of time (or by a particular date) that ends (or occurs) on a non business day, then such period (or date) shall be extended until the immediately following business day. As used herein, “**business day**” means any day other than a Saturday, Sunday or federal or California state holiday.

(d) Severability. If any term or provision of this Amended Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Amended Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each such term and provision of this Amended Agreement shall be valid and be enforced to the fullest extent permitted by law.

(e) Interpretation. Words used in the singular shall include the plural, and vice-versa, and any gender shall be deemed to include the other. Whenever the words “including”, “include” or “includes” are used in this Amended Agreement, they shall be interpreted in a non-exclusive manner. The captions and headings of the Sections of this Amended Agreement are for convenience of reference only, and shall not be deemed to define or limit the provisions hereof. Except as otherwise indicated, all Exhibit and Section references in this Amended Agreement shall be deemed to refer to the Exhibits and Sections in this Amended Agreement. Each party acknowledges and agrees that this Amended Agreement (a) has been reviewed by it and its counsel, (b) is the product of negotiations between the parties, and (c) shall not be deemed prepared or drafted by any one party. In the event of any dispute between the parties concerning this Amended Agreement, the parties agree that any ambiguity in the language of this Amended Agreement is to not to be resolved against Assignor or Assignee, but shall be given a reasonable interpretation in accordance with the plain meaning of the terms of this Amended Agreement and the intent of the parties as manifested hereby.

(f) Third Party Beneficiaries. Except as otherwise expressly provided in this Amended Agreement, Assignor and Assignee do not intend by any provision of this Amended Agreement to confer any right, remedy or benefit upon any third party, and no third party shall be entitled to enforce or otherwise shall acquire any right, remedy or benefit by reason of any provision of this Amended Agreement. Notwithstanding the foregoing, the Authority is an express third party beneficiary of the provisions hereof regarding the assumption of obligations, the rights to notices, and to the provisions of Sections 2, 3, 4, 5, 6 ,7, 8 and 9 hereof. This Amended Agreement may not be amended without the prior written consent of the Authority,

which will not be unreasonably withheld or delayed. The Authority is entitled to rely on the validity and enforceability of this Amended Agreement unless and until the Authority is given a Termination Notice in accordance with Section 11 hereof. As of the Effective Date in respect of the last Phase IIA Parcel for which the Effective Date has occurred, in connection with the Authority's consent to this Amended Agreement, Assignor and Assignee, on behalf of themselves and their respective officers, trustees, directors, members, managers, partners, agents, employees, and entities controlling, controlled by or under common control with Assignor or Assignee (except for Grand Avenue Park Development, LLC, a Delaware limited liability company), as applicable, hereby release Authority from all claims, suits, demands, liability, damages and expenses, including reasonable attorneys' fees and costs, incurred by Assignor and/or Assignee arising from or in connection with the Amended DDA prior to such Effective Date.

12.16 Effectiveness of Agreement. In no event shall any draft of this Amended Agreement create any obligations or liabilities, it being intended that only a fully executed and delivered copy of this Amended Agreement will bind the parties hereto.

12.17 Amendment and Restatement. This Amended Agreement entirely amends, restates and supersedes the Original Agreement.

[Signatures on following pages]

IN WITNESS WHEREOF, Assignor and Assignee have each executed this Amended Agreement as of the date first above written.

“ASSIGNOR”:

GRAND AVENUE L.A., LLC,
a Delaware limited liability company (Series D)

By: _____
Name: William Witte
Title: Vice President

“ASSIGNEE”:

THE BROAD COLLECTIONS, INC.,
a California nonprofit public benefit corporation

By: _____
Name: Eli Broad
Title: President

By executing where indicated below, Authority agrees as follows:

A. The amending and restating of the Original Agreement and the assignment and assumption set forth in this Amended Agreement are hereby consented to by Authority as of _____, 2011.

B. No default by Assignor under the Amended DDA or any Ground Lease between Assignor and Authority, whether heretofore or hereafter, shall affect Assignee’s rights under the Museum Parcel Ground Lease or the Amended DDA or with respect to the development of Phase IIA. No default by Assignee under the Amended DDA or the Museum Parcel Ground Lease, whether heretofore or hereafter, shall affect Assignor’s rights under the Amended DDA or any Ground Lease between Authority and Assignor, or with respect to the development of Phase I, Phase IIB, Phase IIC or Phase III. Authority acknowledges that Section 12.4 of this Amended Agreement (captioned "Cooperation; Further Assurances") shall apply to Authority's agreements under this Section B.

C. Authority hereby releases the Assignee and Broad Parties from any liability to Authority solely to the extent such liability arises from or in connection with Assignor’s failure to comply with any of the terms, conditions and obligations of the Assignor Retained Obligations. The foregoing shall not be construed in any way as releasing any obligations of Assignee under the Amended DDA or the Museum Parcel Ground Lease to be entered into between Authority and Assignee.

D. In the event that (i) the Museum Parcel Ground Lease is terminated by Assignee or by Authority prior to the Commencement of Construction of the Museum or (ii) Assignee exercises the Phase IIA Developer's PFMD Termination Right, Authority will promptly notify Assignor of such termination in writing. Assignor shall have thirty (30) days after receipt of such notice to elect, in Assignor's discretion, to amend the Amended DDA in order to reinstate Assignor's rights to develop such applicable portion of Phase IIA as such rights were in effect prior to this Amended Agreement and the DDA First Amendment and DDA Second Amendment (i.e., without regard to such applicable portion of Phase IIA). If Assignor fails to give notice of its election within said thirty (30) day period, Assignor shall have no further right to elect to reinstate such rights, and Authority shall have the right to enter into one or more agreements with third parties with respect to the development of such applicable portion of Phase IIA on such terms and conditions as Authority shall determine in Authority's sole discretion. Assignor shall not be obligated to pay additional consideration to Authority for the right to make such reinstatement election but Assignor shall pay all of Authority's actual costs and expenses, including reasonable attorney's fees and costs, in negotiating and entering into such amendment to the Amended DDA if Assignor makes such election.

"AUTHORITY"

THE LOS ANGELES GRAND AVENUE
AUTHORITY,
a California joint powers authority

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

Carmen A. Trutanich
City Attorney

By: _____
Timothy J. Chung
Deputy City Attorney

APPROVED AS TO FORM :

Andrea Sheridan Ordin
County Counsel

By: _____
Helen S. Parker
Principal Deputy County Counsel

The assignment and assumption set forth in this Amended Agreement are hereby consented to by the CRA as of _____, 2010.

CRA/LA

THE COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF LOS ANGELES,
a public body, corporate and politic

Date: _____

By: _____

Calvin Hollis

Its: Interim Chief Executive Officer

APPROVED AS TO FORM
Carmen Trutanich, City Attorney

By: _____

CRA/LA General Counsel

EXHIBIT “A”
DDA ASSUMED OBLIGATIONS

| <u>Original DDA Section Reference</u> | <u>Description of DDA Obligation Being Assumed</u> |
|--|---|
| 107 | Prior to conveyance of the Museum Parcel by Ground Lease, a Memorandum of DDA shall be recorded in the Official Records with respect to the Museum Parcel. |
| 204(C)(I)(v) and 204(C)(II) | Pay Incentive Rent with respect to cultural use equal to two percent (2%) of Gross Rents. |
| 204(C)(VI) | Maintain records with respect to the cultural use Incentive Rent and make such records available for audit by Authority |
| 204(C)(VII) | Pay interest on late payments of the cultural use Incentive Rent |
| 403 | Schedule of Performance for Phase IIA (as amended by the DDA Amendment) |
| 404 | Drawings and Related Design Material for the Phase IIA Parcel |
| 405 | Approval of Plans, Drawings and Related Documents for the Phase IIA Parcel |
| 406 | Authority Approval of Architect and Contractor for Phase IIA |
| 407 | Developer shall rely upon its own judgment with respect to the plans, labor, service, equipment and material for Phase IIA and the improvement thereon |
| 408(2) (as amended by the DDA Amendment) | Phase IIA Construction Budget |
| 410 | Permits (for the Phase IIA Parcel only) |
| 411 | Zoning (for the Phase IIA Parcel only) |
| 412 | Environmental Compliance (for the Phase IIA Parcel only) |
| 413 | Insurance |
| 417 | Completion Guaranty |
| 418 | Completion Bonds |
| 419 | Prevailing Wages |
| Article 5 | Construction of Improvements (expressly excluding Sections 507(1) and (3)) |
| Article 6 | Insurance and Indemnification |
| Article 7 | Compliance with Applicable Laws and Authority Policies (but expressly excluding Sections 707 (Affordable Housing) and 708 (Maintenance of Public Art) and all but the first two (2) sentences of Section 710) |

| <u>Original DDA Section Reference</u> | <u>Description of DDA Obligation Being Assumed</u> |
|--|--|
| Article 8 | Use (for the Phase IIA Parcel only) |
| Article 9 | Transfer Restrictions (expressly excluding Section 906 (Transfers of Interests in Developer; Replacement of Related Key Personnel)) |
| Article 10 | Hazardous Materials |
| Article 11 | Casualty and Restoration |
| Article 12 | Condemnation |
| Article 13 | Defaults, Remedies and Termination (expressly excluding Section 1310 (Withholding Conveyance as a Remedy for Failure to Develop the Development Site)) |
| Article 14 | Mortgagee Protections |
| 1501 | Representations, Warranties and Covenants (expressly excluding Sections 1501(1); 1501(7) and 1501(8)) |
| Article 16 | General Provisions (expressly excluding Section 1616 (CRA Issuance of Subordinate Parity Bonds) and Section 1617 (City Approvals)) |
| Article 17 | Arbitration |
| Exhibit C | Schedule of Performance for Phase IIA (as amended by the DDA Amendment) |
| Exhibit O | Living Wage Policy, Contractor Retention Program and Service Contractor Retention Policy |
| Exhibit P | CRA/LA Standard Requirements |
| Exhibit S | CRA Local Hiring Requirements |

SCHEDULE 1

MUSEUM PARCEL LEGAL DESCRIPTION

[attached]

SCHEDULE 2

GARAGE AIRSPACE PARCEL LEGAL DESCRIPTION

[attached]

SCHEDULE 3

PLAZA PARCEL LEGAL DESCRIPTION

[attached]

SECOND AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT

(GRAND AVENUE)

THIS SECOND AMENDMENT TO DISPOSITION AND DEVELOPMENT AGREEMENT (“**Amendment**”) is entered into as of April 11, 2011 by and among THE LOS ANGELES GRAND AVENUE AUTHORITY, a California joint powers authority (“**Authority**”), GRAND AVENUE L.A., LLC, a Delaware limited liability company (“**Developer**”), and THE BROAD COLLECTION, a California nonprofit public benefit corporation (“**Phase IIA Developer**”) with reference to the following facts and objectives:

RECITALS

A. Authority, Developer and Phase IIA Developer are parties to that certain Disposition and Development Agreement (Grand Avenue) dated as of March 5, 2007 (the “**Original DDA**”), as amended by that certain First Amendment to Disposition and Development Agreement (Grand Avenue) dated as of August 23, 2010 (the “**DDA First Amendment**”). Capitalized terms used and not otherwise defined herein shall have the meaning ascribed to such terms in the Original DDA and the DDA First Amendment, as applicable. The Original DDA as amended by the DDA First Amendment and this Amendment is referred to herein as the “**Amended DDA**.”

B. The DDA First Amendment provides for, among other things, Phase IIA Developer’s construction of the Phase IIA Parking Garage on the Garage Airspace Parcel (as such terms are defined in Recital B of the DDA First Amendment) pursuant to the CRA Parking Facility and Museum Development Agreement (as defined in Recital D of the DDA First Amendment). The CRA Parking Facility and Museum Development Agreement provides that the CRA shall convey fee title to the Garage Airspace Parcel to Phase IIA Developer and Phase IIA Developer shall finance and construct the Phase IIA Parking Garage thereon. Furthermore, the CRA receives a right to purchase the Garage Airspace Parcel and the Phase IIA Parking Garage (collectively, the “**Parking Property**”) from Phase IIA Developer (and Phase IIA Developer receives the right to sell the Parking Property to the CRA) following completion of the Phase IIA Parking Garage, and the CRA agrees to reimburse Phase IIA Developer for certain costs associated with the Phase IIA Improvements, all as more particularly set forth in the CRA Parking Facility and Museum Development Agreement.

C. The CRA and Phase IIA Developer have amended the CRA Parking Facility and Museum Development Agreement by entering into a First Amendment to Parking Facility and Museum Development Agreement dated as of January 26, 2011, and a Second Amendment to Parking Facility and Museum Development Agreement dated as of _____, 2011 (collectively, the “**PFMD Amendment**”). The PFMD Amendment, among other things, provides (subject to execution of this Amendment), for the enlargement of the Garage Airspace Parcel by adding additional airspace over Parcel L thereto, and further provides that, in lieu of Developer, Phase IIA Developer will construct, as part of Phase IIA, (i) the entire parking facility with respect to Parcel L, (ii) the Streetscape Improvements (as defined in Section 301(2) of the Original DDA) to be constructed on Grand Avenue between Second and Third Streets, specifically excluding the Streetscape Improvements related to Phase I (the “**Phase IIA**

Streetscape”) and (iii) the Public Plaza on the Plaza Parcel (as such terms are hereinafter defined).

D. Additionally, the PFMD Amendment provides that (i) the CRA shall reasonably consider the disposition of the Parcel L License Area (such term is defined in the PFMD Amendment to mean the additional airspace over Parcel L up to the upper Grand Avenue elevation to be added to the Garage Airspace Parcel, as well as the Plaza Parcel) to Phase IIA Developer, subject to all applicable public notice provisions, approvals required by Authority and other requirements of law, and (ii) if the CRA does not convey the Parcel L License Area to Phase IIA Developer prior to Phase IIA Developer’s commencement of construction of the originally defined Phase IIA Parking Garage, Phase IIA Developer has the right to terminate the PFMD Amendment (referred to herein as “**Phase IIA Developer’s PFMD Termination Right**”) and Phase IIA Developer shall have no further obligations under the PFMD Amendment.

E. Pursuant to that certain Amended and Restated Grand Avenue Project-Phase IIA Parcel Assignment and Assumption Agreement to be entered into between Developer and Phase IIA Developer on or about the date hereof (herein, the “**Expanded Phase IIA Assignment**”), Developer agrees to assign to Phase IIA Developer certain of its rights and obligations under the Amended DDA with respect to the Phase IIA Parking Facility (as defined in Section 3(b)(12) below), and Phase IIA Developer agrees to assume such rights and obligations, which assignment and assumptions shall become effective at the times set forth in the Expanded Phase IIA Assignment. Developer and Phase IIA Developer will enter into the Expanded Phase IIA Assignment in anticipation of this Amendment being executed by the parties hereto. After this Amendment has been executed by all parties, Authority and the CRA will deliver executed consents to the Expanded Phase IIA Assignment to evidence their approval of the assignment and assumption provided for therein.

F. Developer desires to have the option to commence construction of improvements on Parcels L and M-2 of the Redevelopment Plan prior to commencement of construction of Phase I. Specifically, Developer desires to amend the Scope of Development for Phase II to provide that Phase II will be constructed by Developer in two (2) separate phases, Phase IIB and Phase IIC (each as hereinafter defined).

G. An amendment to the Scope of Development requires approval of the Governing Entities as provided in Section 402 of the Original DDA as well as an amendment of the Original DDA. The Amendment of the Original DDA and the Scope of Development in order to permit the development of Phase IIB and Phase IIC and the expanded development of Phase IIA is in the vital and best interests of the City and the County and the health, safety, morals and welfare of their residents, and consistent with the public purposes and provisions of the applicable federal, state and local laws and requirements, and, in particular, the Community Redevelopment Law of the State of California Health and Safety Code Section 33000 et seq.

H. In connection with the DDA First Amendment, (i) Authority caused a review of the proposed Phase IIA Improvements and the EIR (as defined in Recital G of the DDA First Amendment) which was approved by the CRA and the County as responsible agencies and by Authority as the lead agency in connection with the Original DDA, and (ii) Authority’s

consultant generated an EIR Addendum (as defined in Recital G of the DDA First Amendment) to comply with CEQA requirements for the proposed Phase IIA Improvements. The amended Scope of Development with respect to Phase IIB and Phase IIC is less dense than the Scope of Development for the original Phase II. The amended Scope of Development with respect to Phase IIB and Phase IIC is within the scope of the previously certified EIR and EIR Addendum.

I. Pursuant to the Original DDA, the deadline for Commencement of Construction of the original Phase II is currently September 16, 2012 and the deadline for Commencement of Construction of Phase III is currently March 16, 2014. Developer has requested that Authority extend the deadlines for Commencement of Construction of Phase II (now to consist of Phase IIB and Phase IIC) and Phase III. Section 204(G)(X) of the Original DDA states that Authority may extend the deadlines in Section 204(G) for any reason, including general market conditions, provided that any such extension that would affect the Schedule of Performance as to Phase II shall require the approval of the CRA, and any such extension that would affect the Schedule of Performance as to Phase III shall require the approval of the CRA and the County.

J. Authority, Developer and Phase IIA Developer desire to enter into this Amendment to (i) address the foregoing agreements regarding Phase IIA, Phase IIB and Phase IIC and extend the various deadlines in the Original DDA with respect to the development of Phase IIB, Phase IIC and Phase III of the Project, (ii) amend the provisions of the Original DDA regarding funding of Affordable Housing as set forth in Section 4.6 below, and (iii) further amend the Original DDA and DDA First Amendment with respect to Phase IIA, Phase IIB, Phase IIC and Phase III as more particularly set forth hereinbelow.

NOW THEREFORE, in consideration of the foregoing Recitals and for other good and valuable consideration, the receipt of which is hereby acknowledged, Authority, Developer and Phase IIA Developer hereby agree as follows:

1. **Recitals Incorporated by Reference.** The foregoing Recitals A through J are hereby incorporated into and made a part of this Agreement.

2. **Phase IIA Developer's PFMD Termination Right.** The provisions of this Amendment regarding the expanded Garage Airspace Parcel and Phase IIA Developer's development of the Phase IIA Parking Facility are drafted on the assumption that Phase IIA Developer will not exercise Phase IIA Developer's PFMD Termination Right. If Phase IIA Developer exercises Phase IIA Developer's PFMD Termination Right, Phase IIA Developer shall notify Authority and Developer of such exercise concurrently with Phase IIA Developer's notice thereof to the CRA, and (i) all provisions of this Amendment regarding the expanded Garage Airspace Parcel and Phase IIA Developer's development of the Phase IIA Parking Facility (other than the original Phase IIA Parking Garage as described in the DDA First Amendment) shall thereupon terminate and be of no further force and effect, (ii) Phase IIA Developer shall proceed with the development of Phase IIA on the Phase IIA Parcels as described in, and pursuant to, the DDA First Amendment without regard to this Amendment, and (iii) Developer's rights to the Parcel L License Area shall be reinstated.

3. Amendment of Definitions.

(a) The following definitions set forth in the Original DDA and the DDA First Amendment are hereby amended as follows:

(1) The definition of “**Amendment Effective Date**” is amended to mean October 6, 2010.

(2) The definition of “**Authority Parcels**” is amended to refer to the Phase IIB Parcel and the Phase IIC Parcel, in lieu of the Phase II Parcels.

(3) The definition of “**CRA-Authority Leases**” is amended to refer to the Phase IIB CRA Ground Lease and the Phase IIC CRA Ground Lease, in lieu of the Phase II CRA Ground Lease.

(4) The definition of “**CRA Parking Facility and Museum Development Agreement**” is amended to include the First Amendment to Parking Facility and Museum Development Agreement dated as of January 26, 2011 and the Second Amendment to Parking Facility and Museum Development Agreement dated as of _____, 2011.

(5) The definition of “**Development Site**” is amended to refer to the Phase IIB Parcel and the Phase IIC Parcel in lieu of the Phase II Parcel.

(6) The definition of “**Garage Airspace Parcel**” is amended to mean an airspace parcel over Parcel L, as more particularly described in Schedule 1 attached hereto. The description of the Garage Airspace Parcel attached to the DDA First Amendment as Exhibit “A-1” is hereby replaced by the description of the Garage Airspace Parcel attached hereto as Schedule 1. Notwithstanding the foregoing, the description of the Garage Airspace Parcel attached hereto as Schedule 1 is subject to minor, non-substantive modifications by the CRA based on an amended parcel map to be prepared and recorded by the CRA, and upon recordation of such amended parcel map, a revised final legal description of the Garage Airspace Parcel will be attached hereto as Schedule 1.

(7) The definition of “**Ground Lease(s)**” is amended to mean the Ground Lease for Phase I, the Museum Parcel Ground Lease, the Ground Lease for Phase IIB, the Ground Lease for Phase IIC and the Ground Lease for Phase III.

(8) The definition of “**Parcel(s)**” is amended to include the Phase IIB Parcel and the Phase IIC Parcel, in lieu of the Phase II Parcels.

(9) The definition of “**Phase**” is amended to include Phase IIB and Phase IIC in lieu of Phase II.

(10) The definition of “**Phase II CRA Ground Lease**” is amended to mean the ground lease of the Phase IIB Parcel and the ground lease of the Phase IIC Parcel, respectively, to Authority by the CRA.

(11) The definition of “**Phase II Final Construction Budget**” is

amended to mean the proposed budget approved by Authority pursuant to Section 408(1) of the Original DDA in respect of Phase IIB or Phase IIC, as applicable depending upon the context of usage of the term in order to effectuate the intent of this Amendment.

(12) The definition of “**Phase II Improvements**”, to the extent not expressly amended elsewhere in this Amendment, is amended to mean the Phase IIB Improvements and/or the Phase IIC Improvements, as applicable depending upon the context of usage of the term in order to effectuate the intent of this Amendment.

(13) The definition of “**Phase II Outside Construction Start Date**” is amended to mean the Phase IIB Outside Construction Start Date and/or the Phase IIC Outside Construction Start Date, as applicable depending upon the context of usage of the term in order to effectuate the intent of this Amendment.

(14) The definition of “**Phase II Parcels**” to the extent not expressly amended elsewhere in this Amendment, is amended to mean the Phase IIB Parcel and/or the Phase IIC Parcel, as applicable depending upon the context of usage of the term in order to effectuate the intent of this Amendment.

(15) The definition of “**Phase II Title Policy**” is amended to mean the title policy which shall be issued pursuant to Section 209 of the Original DDA in respect of the Phase IIB Parcel or the Phase IIC Parcel, as applicable depending upon the context of usage of the term in order to effectuate the intent of this Amendment.

(16) The definition of “**Phase IIA Assignment Agreement**” is amended to mean the Amended and Restated Grand Avenue Project-Phase IIA Parcel Assignment and Assumption Agreement between Developer and Phase IIA Developer dated on or about April 11, 2011.

(17) The definition of “**Phase IIA Improvements**” is amended to mean the Museum, the Phase IIA Parking Garage, as defined in this Amendment, the Phase IIA Streetscape and the Public Plaza.

(18) The definition of “**Phase IIA Parcels**” is amended to mean the Garage Airspace Parcel as described in Schedule 1 attached to this Amendment, the Plaza Parcel as described in Schedule 2 attached to this Amendment and the Museum Parcel as described in Exhibit A-1 to the DDA First Amendment.

(19) The definition of “**Phase IIA Parking Garage**” is amended to mean a three (3) level public parking garage within the Garage Airspace Parcel containing approximately 370 parking spaces.

(20) The definition of “**Phase III Notice Date**” is amended to be October 1, 2014.

(b) The following definitions are added to Section 110 of the Original DDA:

(1) “**7.7 Million Dollar Payment**” is defined in Section 4.6(a).

- (2) “**Affordable Housing Loan**” is defined in Section 4.6(d)
- (3) “**Affordable Housing Loan Documents**” is defined in Section 4.6(d).
- (4) “**Affordable Housing Term Sheet**” is defined in Section 4.6(d).
- (5) “**Amended DDA**” is defined in Recital A.
- (6) “**DDA First Amendment**” is defined in Recital A.
- (7) “**DDA Second Amendment**” means this Amendment.
- (8) “**Expanded Phase IIA Assignment**” is defined in Recital E.
- (9) “**PFMD Amendment**” is defined in Recital C.
- (10) “**Phase II Deposit Amount**” is defined in Section 4.7.
- (11) “**Phase IIA Developer’s PFMD Termination Right**” is defined in Recital D.
- (12) “**Phase IIA Parking Facility**” means, collectively, the expanded Phase IIA Parking Garage as defined in this Amendment, the Public Plaza and the Phase IIA Streetscape.
- (13) “**Phase IIA Streetscape**” is defined in Recital C.
- (14) “**Phase IIB**” means the construction and development of the Phase IIB Improvements on the Phase IIB Parcel.
- (15) “**Phase IIB Affordable Housing Funds**” is defined in Section 4.6(b).
- (16) “**Phase IIB Improvements**” means the construction and development of the improvements generally described in Section 4.2 on the Phase IIB Parcel.
- (17) “**Phase IIB Parcel**” means Parcel M-2 of the Redevelopment Plan.
- (18) “**Phase IIC**” means the construction and development of the Phase IIC Improvements on the Phase IIC Parcel.
- (19) “**Phase IIC Improvements**” means the construction and development of the improvements generally described in Section 4.2 on the Phase IIC Parcel.
- (20) “**Phase IIC Parcel**” means the portion of Parcel L of the Redevelopment Plan which is not part of the Phase IIA Parcels.

(21) “**Plaza Parcel**” means the parcel described in Schedule 2 attached hereto. Notwithstanding the foregoing, the description of the Plaza Parcel attached hereto as Schedule 2 is subject to minor, non-substantive modifications by the CRA based on an amended parcel map to be prepared and recorded by the CRA, and upon recordation of such amended parcel map, a revised final legal description of the Plaza Parcel will be attached hereto as Schedule 2.

(22) “**Public Plaza**” means an approximately 24,000 square foot permanent plaza to be constructed by Phase IIA Developer on the Plaza Parcel, as more particularly described in the PFMD Amendment.

(23) “**Public Plaza REA**” is defined in Section 5.1.

4. Amendment Regarding Phase IIB and Phase IIC.

4.1 Approval of Phase IIB and Phase IIC. Authority hereby approves of Phase IIB and Phase IIC in lieu of the Phase II previously contemplated by the Original DDA and DDA First Amendment. The development of the Phase IIB Improvements and Phase IIC Improvements shall be completed in accordance with plans approved by Authority pursuant to the Amended DDA. Developer shall have the right to accelerate Phase IIB and/or Phase IIC so that construction thereof commences prior to construction of Phase I; provided that construction of Phase IIB must commence prior to construction of Phase IIC. Phase IIA Developer shall not be obligated, nor shall it have the right to, construct any improvements or any temporary plaza on the top of the Phase IIA Parking Garage, other than the Phase IIA Improvements.

4.2 Scope of Development for Phase IIA, Phase IIB and Phase IIC. The Scope of Development for the Project attached to the Original DDA as Exhibit “A”, as amended by the DDA First Amendment, is hereby further amended to reflect that (i) Phase IIA Developer will construct the Phase IIA Parking Facility, and (ii) Developer will construct Phase IIB and Phase IIC (rather than the originally contemplated Phase II). Specifically, Part II(B) (Phase II Parcels L and M-2) of the Scope of Development, as amended by the DDA First Amendment, is hereby further amended and restated in its entirety as follows:

“The Phase IIA, Phase IIB and Phase IIC portions of the Project will, collectively, consist of development of housing, retail, a museum and parking on Bunker Hill Redevelopment Parcels L and M-2, and the development of the Public Plaza on the Plaza Parcel. Specifically, Phase IIA will consist of a museum of up to 120,000 square feet to be constructed over Parcel L and a parking garage containing approximately 370 parking spaces to be constructed over Parcel L, together with the Phase IIA Streetscape and the Public Plaza to be constructed on the Plaza Parcel. Phase IIB will consist of a residential tower of approximately 20 stories, to be constructed on Parcel M-2, containing approximately 260 rental units; 20% of the total units in Phase IIB shall be rental Affordable Housing Units. Phase IIB will include a parking garage containing approximately 280 parking spaces for the renters of the non-Affordable Housing Units in Phase IIB. Per Section 707 of the Original DDA, the Affordable Housing Units in Phase IIB shall be reserved for occupancy by Sixty Percent Households

and, in Developer's sole discretion, by Very Low Income Households and/or Extremely Low Income Households. Retail improvements, consisting of between approximately 7,000 and 19,500 square feet, will be constructed on Grand Avenue as part of Phase IIB. Phase IIC will consist of a residential tower of at least six (6) stories, containing for-sale condominium units and/or rental units, to be constructed on the Phase IIC Parcel. Phase IIC may, at Developer's option, include incidental ground floor retail improvements. Phase IIA and Phase IIB collectively will provide to Phase IIA, Phase IIB and Phase IIC approximately 650 parking spaces for residential owners and renters and their visitors, public parking for retail employees and retail visitors, and parking for employees and visitors of the museum. The retail program in Phase IIB may be increased pursuant to the Equivalency Program. Notwithstanding Section 105 of the Original DDA, the minimum Floor Areas set forth in Exhibit "R" to the Original DDA shall not apply to Phase IIA, Phase IIB or Phase IIC. Without limiting the generality of the foregoing Scope of Development for Phase IIA, Phase IIB and Phase IIC, the following table is only an example of certain permitted specifications for Phase IIA and Phase IIB:

| PHASE IIA AND PHASE IIB– PARCELS L AND M-2 | | |
|---|--------------------|-----------------------------|
| Projected Program | Example SF | Example Units/Spaces |
| Retail | 7,500 | N/A |
| Residential | 250,000 | 260 |
| | <i>Market Rate</i> | 208 |
| | <i>Affordable</i> | 52 |
| Museum | 120,000 | |
| Parking | <i>Total</i> | 650 |
| | <i>Phase IIA</i> | 370 |
| | <i>Phase IIB</i> | 280 |

The residential portion of the Phase IIB Improvements shall consist of approximately 250,000 square feet of Floor Area. Development of Phase IIA may proceed independently of the development of Phase IIB and Phase IIC, and development of Phase IIB and Phase IIC may proceed independently of the development of Phase IIA. Development of Phase IIB may proceed independently of the development of Phase IIC; provided that, in any event, construction of Phase IIB must commence prior to construction of Phase IIC."

4.3 Schedule of Performance. The Schedule of Performance for Phase II attached to the Original DDA as Exhibit "C" is hereby deleted and replaced with the Schedule of Performance for Phase IIB and Phase IIC attached hereto as Schedule 4.3.

4.4 Concept Design Drawings. The Concept Design Drawings attached to the Original DDA as Exhibit "K", as amended by the DDA First Amendment, are hereby further amended to reflect Phase IIB as shown on Schedule 4.4 attached hereto. Concept design

drawings for Phase IIC do not exist as of the date of this Amendment.

4.5 References to Phase II. Except as set forth in this Amendment or where the context clearly requires otherwise, all provisions of the Original DDA and the DDA First Amendment pertaining to “Phase II” shall apply to Phase IIB and/or Phase IIC, as applicable depending upon the context of usage of the term in order to effectuate the intent of this Amendment.

4.6 Funding of Affordable Housing – Phase IIB.

(a) Phase IIA Developer previously made a non-refundable (except as expressly set forth in the Museum Parcel Ground Lease) payment to Authority. The amount of the payment is Seven Million Seven Hundred Thousand Dollars (\$7,700,000) (herein, together with all interest earned thereon while on deposit with the County Treasurer, the “**7.7 Million Dollar Payment**”). Section 5.6 of the First Amended and Restated C&F Agreement (as defined in Recital F of the DDA First Amendment) states that the County Treasurer, for the Authority, shall hold the 7.7 Million Dollar Payment for the benefit of the CRA and shall, at the request of the CRA, disburse such grant funds to the CRA to enable the CRA to partially fund the affordable housing obligations of the CRA related to Phase II, and if Phase II does not go forward, Authority shall allocate such funds to the CRA for other affordable housing in downtown Los Angeles. It is hereby agreed that, notwithstanding the foregoing, the 7.7 Million Dollar Payment will be held by the County Treasurer for the benefit of Authority, and Authority will provide a grant of the 7.7 Million Dollar Payment (the “**7.7 Million Dollar Grant**”) to a corporation to be formed by Developer (the “**Intermediate Lender**”), which shall use the full 7.7 Million Dollar Grant to fund a loan to Developer (i.e., Authority, and not the CRA, will disburse the 7.7 Million Dollar Payment to the Intermediate Lender, which shall lend such amount to Developer for Affordable Housing on Phase IIB), and if Phase IIB does not go forward, Authority shall allocate the 7.7 Million Dollar Payment to the City or the CRA to be used for other affordable housing in downtown Los Angeles.

(b) The Affordable Housing assistance required to be provided by the CRA for Phase II pursuant to the Original DDA shall be provided for Phase IIB. It is estimated that such assistance amount will be a total of approximately \$5,626,000, equivalent to \$5,200,000 (based on fifty-two (52) Affordable Housing Units in Phase IIB) plus \$426,000 (which is the amount of the CPI increase per the Original DDA) (herein, collectively, together with all interest earned thereon while on deposit with the County Treasurer, the “**Phase IIB Affordable Housing Funds**”). The Phase IIB Affordable Housing Funds are in addition to the 7.7 Million Dollar Payment. The CRA shall deposit the Phase IIB Affordable Housing Funds with the County Treasurer to be held for the benefit of Authority for disbursement pursuant to Paragraph 4.6(d).

(c) Amounts held by the County Treasurer pursuant to this Section 4.6 will be held in interest bearing accounts.

(d) The Phase IIB Affordable Housing Funds, to the extent actually received by/made available to Authority, shall be loaned (the “**Affordable Housing Loan**”) by Authority to Developer as a residual receipts loan for Affordable Housing in Phase IIB, pursuant to the term sheet attached hereto as Schedule 4.6 (the “**Affordable Housing Loan Term Sheet**”). The

Affordable Housing Loan will be made pursuant to loan documents reasonably acceptable to the Authority and Developer, provided that such loan documents shall be consistent with the Affordable Housing Loan Term Sheet (the “**Affordable Housing Loan Documents**”). All payments made to Authority under the Affordable Housing Loan Documents shall be applied to Affordable Housing in the Project, and after all Affordable Housing in the Project has been fully funded, the payments under the Affordable Housing Loan Documents shall be paid to the City for other affordable housing in downtown Los Angeles. If Phase IIB does not go forward, Authority shall allocate the Phase IIB Affordable Housing Funds to Affordable Housing in Phase I (and if Phase I does not go forward, the Phase IIB Affordable Housing Funds shall be paid to the CRA or City for other affordable housing in downtown Los Angeles).

4.7 Phase II Deposit Amount. Of the Fifty Million Dollar (\$50,000,000) Deposit previously paid by Developer to Authority pursuant to the Original DDA , Five Million Two Hundred Twenty Thousand Dollars (\$5,220,000) constitutes a deposit (hereinafter the “**Phase II Deposit Amount**”) to be used for a portion of the Leasehold Acquisition Fee for Phase II. It is hereby agreed that the Phase II Deposit Amount will be credited towards the Leasehold Acquisition Fee for Phase IIB, and if thereafter any Phase II Deposit Amount still remains, the remainder will be credited towards the Leasehold Acquisition Fee for Phase IIC; provided, however, that notwithstanding the foregoing or anything to the contrary in the Amended DDA, in consideration of Authority’s execution of this Amendment and agreement to the extensions with respect to Phase IIB, Phase IIC and Phase III set forth herein, Developer hereby waives any and all rights to a return or refund of the Phase II Deposit Amount, and Authority shall retain the full amount of the Phase II Deposit Amount as liquidated damages (without limiting the other provisions hereof concerning liquidated damages for Developer’s failure to perform under the Amended DDA) if Developer fails to timely proceed with Phase IIB, regardless of whether or not Developer proceeds with Phase IIC or other Phases of the Project.

5. REAs

5.1 Public Plaza REA. Prior to (i) the issuance of a Certificate of Completion for the Phase IIA Parking Facility and (ii) Developer’s execution of the Ground Lease for Phase IIB, the CRA, Authority, Developer and Phase IIA Developer shall agree upon a form of reciprocal easement agreement to be executed and recorded on the Phase IIA Parcels (the “**Public Plaza REA**”). The Public Plaza REA shall address the operation and maintenance of the Public Plaza and provide for permanent rights of access over and across the Public Plaza by the general public and all invitees, owners, employees, residents and customers of the Phase IIA Improvements, the Phase IIB Improvements and the Phase IIC Improvements, subject only to customary limitations on such access for similar public open space in downtown Los Angeles. The Public Plaza REA shall allocate the maintenance responsibilities for the Public Plaza and include a mechanism to allow one hundred percent (100%) of the net revenues from the operation of the Phase IIA Parking Facility to pay maintenance costs of the Public Plaza, subject to CRA approval of the annual maintenance budget, which approval shall not be unreasonably withheld.

5.2 Museum/Phase IIB/Phase IIC REA. The fourth (4th) sentence and all subsequent sentences of Section 5.1 of the DDA First Amendment are amended and restated in their entirety to provide as follows:

“In addition to the Museum/Garage REA, the CRA, Developer, and Phase IIA Developer shall enter into a reciprocal easement agreement (“**Museum/Phase IIB/Phase IIC REA**”) (i) when Developer is ready to Commence Construction of Phase IIB, and (ii) which shall be amended when Developer is ready to Commence Construction of Phase IIC, governing, among other things, reciprocal rights and easements for the tenants, visitors, owners, employees and invitees to the Phase IIA Parcels, the Phase IIB Parcel and the Phase IIC Parcel for defined amounts of parking and to use the ramps, elevators, escalators, stairwells, plazas and other vehicular and pedestrian rights of way interconnecting the Phase IIA Improvements, the Phase IIB Improvements and the Phase IIC Improvements, as well as lateral and subjacent support easements between such improvements and their foundations, in order to facilitate the development of the Phase IIA Improvements, the Phase IIB Improvements and the Phase IIC Improvements and the interconnection between such improvements to allow pedestrian access. The Museum/Phase IIB/Phase IIC REA shall expressly address (i) the allocation of parking spaces in the Phase IIA Parking Garage to the renters of the Affordable Housing Units in Phase IIB, the visitors and employees of the Phase IIB and the Phase IIC retail improvements, and the tenants, owners and visitors of the Phase IIC residential improvements, and (ii) the rate to be paid to the CRA for such parking spaces which are allocated to Phase IIB and Phase IIC. Developer shall be required, at its sole cost, in connection with the design and development of the Phase IIB Improvements and Phase IIC Improvements, to physically connect the Phase IIB Improvements and Phase IIC Improvements with the Phase IIA Improvements to the extent commercially practicable and to facilitate a connected and integrated set of improvements on Parcels L and M-2. Authority may withhold its approval of the Project Documents for the Phase IIB Improvements or the Phase IIC Improvements if the interconnection between the Phase IIB Improvements or the Phase IIC Improvements, as applicable, and the Phase IIA Improvements has not been satisfactorily addressed. The Museum/Garage REA and the Museum/Phase IIB/Phase IIC REA shall both be subject to the approval of Authority. Without limiting the foregoing provisions of this Section 5.1, in designing the Phase IIA Improvements, Phase IIA Developer shall, in good faith, take into account possible future development by Developer (or a subsequent developer of Phase IIB or Phase IIC), and Phase IIA Developer shall reasonably cooperate with Developer’s (or such subsequent developer’s) efforts to join and make contiguous any plazas and walkways of the Phase IIA Improvements with any future walkways and plazas that maybe designed as part of the future development on the Phase IIB Parcels and the Phase IIC Parcels.”

6. Phase IIA Parking Facility. Because the Museum/Phase IIB/Phase IIC REA will address parking in the Phase IIA Parking Garage for certain Phase IIB and Phase IIC users as described in Section 5.2 above, Recital J of the DDA First Amendment and the third (3rd) sentence and all subsequent sentences of Article 8 of the DDA First Amendment are hereby deleted in their entirety; provided that the last sentence of Article 8 of the DDA First Amendment is hereby amended and restated in its entirety to provide as follows: “If, prior to the issuance of a Certificate of Completion for the Phase IIA Parking Facility, Phase IIA Developer terminates the CRA Parking Facility and Museum Development Agreement due to a default by the CRA thereunder, or if the CRA Parking Facility and Museum Development Agreement is otherwise terminated, Authority and Phase IIA Developer shall work together reasonably and in good faith to renegotiate the terms related to the development of the Phase IIA Parking Facility and the completion thereof.”

7. Amendment of Section 204(G) of Original DDA.

7.1 General. Developer and Authority desire to amend Section 204(G) of the Original DDA to extend the deadlines for Developer's obligation to enter into the Ground Leases for Phase IIB, Phase IIC and Phase III and pay the Leasehold Acquisition Fees in connection therewith, as set forth in this Article 7, and to delete Developer's right to further postpone the Phase III FMV Outside Date by payment of a Deferral Payment to Authority.

7.2 Certain Definitions.

(a) The definition of "Phase II Adjusted Leasehold Acquisition Fee" is hereby bifurcated so as to refer to a "**Phase IIB Adjusted Leasehold Acquisition Fee**" and a "**Phase IIC Adjusted Leasehold Acquisition Fee**"; respectively, calculated as follows: (i) the amount of the Phase IIB Adjusted Leasehold Acquisition Fee shall be calculated in the same way as contemplated by the Original DDA with respect to Phase II, and (ii) the amount of the Phase IIC Adjusted Leasehold Acquisition Fee shall be the greater of (A) Three Million Eight Hundred Fifty Thousand Dollars (\$3,850,000) or (B) the Leasehold Acquisition Fee for Phase IIC as calculated pursuant to Section 204(B)(I) and, if applicable, Section 204(C)(I) of the Original DDA.

(b) The definition of "Phase II Adjusted Leasehold Acquisition Fee Outside Date" is hereby bifurcated so as to refer to a "**Phase IIB Adjusted Leasehold Acquisition Fee Outside Date**" and a "**Phase IIC Adjusted Leasehold Acquisition Fee Outside Date**." The Phase IIB Adjusted Leasehold Acquisition Fee Outside Date and the Phase IIC Adjusted Leasehold Acquisition Fee Outside Date are set forth in Paragraph 7.3(c) below.

7.3 Section 204(G)(I).

(a) In consideration of Authority's agreements set forth in this Amendment, Developer hereby relinquishes and shall no longer have the right to the 6-month extension of the Phase III Adjusted Leasehold Acquisition Fee Outside Date under the last paragraph of Section 204(G)(I) of the Original DDA.

(b) The modifications set forth in this Article 7 do not extend the Phase III Adjusted Leasehold Acquisition Fee Outside Date (as such term is defined in Section 204(G)(I) of the Original DDA). Accordingly, the Phase III Adjusted Leasehold Acquisition Fee Outside Date will be March 16, 2012 (i.e., 60 months after the Effective Date of the Original DDA), subject to the following provisions of this Paragraph. Authority and Developer acknowledge and agree that the deadline for County to deliver the County Phase III Notice to Developer and Authority under Section 213 of the Original DDA has been extended until the date that Commencement of Construction of the Phase I Improvements actually occurs. Section 204(G)(I) of the Original DDA currently provides that if the County delivers the County Phase III Notice, then the Phase III Adjusted Leasehold Acquisition Fee Outside Date (currently March 16, 2012) will be extended on a day-for-day basis by each day after August 8, 2007 until the County gives such County Phase III Notice. The reference to August 8, 2007 is hereby amended to April 11, 2011.

(c) The Phase IIB Adjusted Leasehold Acquisition Fee Outside Date and the Phase IIC Adjusted Leasehold Acquisition Fee Outside Date shall each be June 16, 2011 (i.e., 45 months after the Effective Date of the Original DDA, plus an additional 6 months per Developer's previous exercise of its extension right).

7.4 Amendment and Restatement of Section 204(G)(II). Section 204(G)(II) of the Original DDA is hereby amended in its entirety to provide as follows:

"II. If the Leasehold Acquisition Fee for Phase IIB is not paid by June 16, 2011, then neither the Phase IIB Adjusted Leasehold Acquisition Fee nor the Phase IIC Adjusted Leasehold Acquisition Fee nor the Phase III Adjusted Leasehold Acquisition Fee, calculated based on the CPI Increase set forth above, will be applicable. If the Leasehold Acquisition Fee for Phase IIC is not paid by June 16, 2011, then neither the Phase IIC Adjusted Leasehold Acquisition Fee nor the Phase III Adjusted Leasehold Acquisition Fee, calculated based on the CPI Increase set forth above, will be applicable. If the Leasehold Acquisition Fee for the Phase III Parcel is not paid by March 16, 2012 (as such date may be extended per Paragraph 7.3(b) of the DDA Second Amendment if the County delivers the County Phase III Notice), then the Phase III Adjusted Leasehold Acquisition Fee, calculated based on the CPI Increase set forth above, will not be applicable. If the Phase IIB Adjusted Leasehold Acquisition Fee is not applicable, then as to the Phase IIB Parcel, Developer shall, no later than October 1, 2012 (herein, the "**Phase IIB FMV Outside Date**") enter into the Ground Lease for Phase IIB and prepay the full Leasehold Acquisition Fee for the Phase IIB Parcel in an amount equal to ninety percent (90%) of the full Fair Market Value of the Phase IIB Parcel, as determined hereunder (but in no event less than the amount of the Phase IIB Adjusted Leasehold Acquisition Fee) ("**Phase IIB FMV Fee**"). Developer shall give Authority written notice ("**FMV Notice**") at least 120 days prior to the date (which date must be no later than the Phase IIB FMV Outside Date) that Developer intends to enter into the Ground Lease for Phase IIB. If the Phase IIC Adjusted Leasehold Acquisition Fee is not applicable, then as to the Phase IIC Parcel, Developer shall, no later than the date (herein, the "**Phase IIC FMV Outside Date**") which is the earlier to occur of (i) eighteen (18) months after the issuance of a certificate of substantial completion for the Phase IIB Improvements or (ii) October 1, 2016, enter into the Ground Lease for Phase IIC and prepay the full Leasehold Acquisition Fee for the Phase IIC Parcel in an amount equal to ninety percent (90%) of the full Fair Market Value of the Phase IIC Parcel, as determined hereunder (but in no event less than the amount of the Phase IIC Adjusted Leasehold Acquisition Fee) ("**Phase IIC FMV Fee**"). Developer shall give Authority an FMV Notice at least 120 days prior to the date (which date must be no later than the Phase IIC FMV Outside Date) that Developer intends to enter into the Ground Lease for Phase IIC. If Developer timely enters into the Phase IIB Ground Lease and pays the Phase IIB Leasehold Acquisition Fee, but Developer fails to enter into the Phase III Ground Lease by the Phase III Adjusted Leasehold Acquisition Fee Outside Date, then as to the Phase III Parcel, Developer shall, no later than the date (herein, the "**Phase III FMV Outside Date**") which is the earlier to occur of (A) eighteen (18) months after the issuance of a certificate of substantial completion for the Phase IIB Improvements or (ii) October 1, 2016, enter into the Phase III Ground Lease and prepay the full Leasehold Acquisition Fee for the Phase III Parcel in an amount equal to ninety percent

(90%) of the full Fair Market Value of the Phase III Parcel, as determined hereunder (but in no event less than the amount of the Phase III Adjusted Leasehold Acquisition Fee) (“**Phase III FMV Fee**”). Developer shall give Authority the FMV Notice with respect to the Phase III Parcel at least 120 days prior to the date (which date must be no later than the Phase III FMV Outside Date) that Developer intends to enter into the Phase III Ground Lease for the Phase III FMV Fee. All references to “Fair Market Value” herein shall refer to the Fair Market Value as determined in accordance with the procedures set forth in Subsection XII, below.”

7.5 Amendment and Restatement of Section 204(G)(III). Section 204(G)(III) of the Original DDA is hereby amended in its entirety to provide as follows:

“III If Developer fails to enter into the Phase IIB Ground Lease and pay the Phase IIB Leasehold Acquisition Fee by the Phase IIB FMV Outside Date, then (i) Developer will no longer have any rights to ground lease or develop Phase IIB, Phase IIC or Phase III, (ii) Authority shall retain, as its sole and exclusive remedy for Developer’s failure to proceed with the balance of the Project, liquidated damages in the amount of the Phase II Deposit Amount, and (iii) the CRA, County, and Authority will each have the right to transfer its respective interest in the Phase IIB Parcel, the Phase IIC Parcel and/or the Phase III Parcel to any party on such terms and at such price as it may determine in its sole discretion (provided that any transfer by the Authority of its interest in the Phase IIB Parcel or the Phase IIC Parcel shall be subject to the approval of the CRA, and any transfer by the Authority of its interest in the Phase III Parcel shall be subject to the approval of the County). If Developer fails to enter into the Phase IIC Ground Lease and pay the Phase IIC Leasehold Acquisition Fee by the Phase IIC FMV Outside Date, then (X) Developer will no longer have any rights to ground lease or develop Phase IIC or Phase III, (Y) Authority shall retain, as its sole and exclusive remedy for Developer’s failure to proceed with the balance of the Project, liquidated damages equal to the Phase II Deposit Amount (less the portion, if any, of the Phase II Deposit Amount previously credited towards the Leasehold Acquisition Fee for Phase IIB), and (Z) the CRA, County, and Authority will each have the right to transfer its respective interest in the Phase IIC Parcel and/or the Phase III Parcel to any party on such terms and at such price as it may determine in its sole discretion (provided that any transfer by the Authority of its interest in the Phase IIC Parcel shall be subject to the approval of the CRA, and any transfer by the Authority of its interest in the Phase III Parcel shall be subject to the approval of the County).”

7.6 Section 204(G)(IV). Section 204(G)(IV) of the Original DDA is hereby amended as follows: (i) all references therein the “Deferral Payment” are hereby deleted (provided that the reference in clause (a) to the “Deferral Payment” is hereby replaced with “fifteen percent (15%) of 90% of the then Fair Market Value of the Phase III Parcel”); and (ii) all references therein to “Phase II,” the “Phase II Leasehold Acquisition Fee” and the “Phase II FMV Outside Date” shall mean Phase IIB and Phase IIC, the Phase IIB Leasehold Acquisition Fee and the Phase IIC Leasehold Acquisition Fee, and the Phase IIB FMV Outside Date and the Phase IIC FMV Outside Date, respectively.

7.7 Amendment and Restatement of Section 204(G)(V). Section 204(G)(V) of the Original DDA is hereby amended in its entirety to provide as follows:

“V Upon entering into the Phase IIB Ground Lease (or the Phase IIC Ground Lease or Phase III Ground Lease, as applicable) and paying the Phase IIB Leasehold Acquisition Fee (or the Phase IIC Leasehold Acquisition Fee or Phase III Leasehold Acquisition Fee, as applicable), Developer shall Commence Construction of the Phase in question by the respective Outside Construction Start Date specified in the Schedule of Performance. If Developer does not Commence Construction of Phase IIB by the Phase IIB Outside Construction Start Date, or Commence Construction of Phase IIC by the Phase IIC Outside Construction Start Date or Commence Construction of Phase III by the Phase III Outside Construction Start Date (subject to the notice and cure periods set forth in Section 1312 below), each as specified in the Schedule of Performance, then Authority shall have the right to terminate Developer’s Ground Lease for such Phase and transfer the Authority’s interest in the Parcels in question to any party on such terms and at such price as Authority may determine in its sole discretion (provided that any such transfer by Authority of its interest in the Phase IIB Parcel or the Phase IIC Parcel shall be subject to the approval of the CRA, and any such transfer by Authority of its interest in the Phase III Parcel shall be subject to the approval of the CRA and the County), and Developer will no longer have any right to develop the Phase in question or any subsequent Phase of the Project.”

7.8 Amendment and Restatement of Section 204(G)(VI). Section 204(G)(VI) of the Original DDA is hereby amended in its entirety to provide as follows:

“VI If Developer enters into the Phase IIB Ground Lease and pays the Phase IIB Leasehold Acquisition Fee on or prior to the Phase IIB Adjusted Leasehold Acquisition Fee Outside Date but then fails to Commence Construction of Phase IIB by the Phase IIB Outside Construction Start Date, Authority shall retain, as its sole and exclusive remedy for Developer’s failure to proceed with the balance of the Project, the Phase II Deposit Amount as liquidated damages. If Developer pays the Phase IIB FMV Fee on or prior to the Phase IIB FMV Outside Date but then fails to Commence Construction of Phase IIB by the Phase IIB Outside Construction Start Date, Authority shall retain, as its sole and exclusive remedy for Developer’s failure to proceed with the balance of the Project, liquidated damages in an amount equal to the sum total of the Phase II Deposit Amount plus [\$5,000,000 – Open pending County discussion]. If Developer pays the Phase IIC Leasehold Acquisition Fee on or prior to the Phase IIC Adjusted Leasehold Acquisition Fee Outside Date but then fails to Commence Construction of Phase IIC by the Phase IIC Outside Construction Start Date, Authority shall retain, as its sole and exclusive remedy for Developer’s failure to proceed with the balance of the Project, the Phase II Deposit Amount (less the portion, if any, of the Phase II Deposit Amount previously credited towards the Leasehold Acquisition Fee for Phase IIB) as liquidated damages. If Developer pays the Phase IIC FMV Fee on or prior to the Phase IIC FMV Outside Date, but then fails to Commence Construction of Phase IIC by the Phase IIC Outside Construction Start Date, Authority shall retain, as its sole and exclusive remedy for Developer’s failure to proceed with the balance of the Project, liquidated damages in an amount equal to the sum total of the Phase II Deposit Amount (less the portion, if

any, of the Phase II Deposit Amount previously credited towards the Leasehold Acquisition Fee for Phase IIB) plus \$2,500,000.”

7.9 Amendment and Restatement of Section 204(G)(VII). Section 204(G)(VII) of the Original DDA is hereby amended in its entirety to provide as follows:

“VII If Developer enters into the Phase III Ground Lease and pays the Phase III Leasehold Acquisition Fee by the Phase III Adjusted Leasehold Acquisition Fee Outside Date but then fails to Commence Construction of Phase III by the Phase III Outside Construction Start Date, Authority shall retain, as its sole and exclusive remedy for Developer’s failure to proceed with the balance of the Project, liquidated damages in an amount equal to the greater of (i) fifteen percent (15%) of 90% of the then Fair Market Value of the Phase III Parcel, or (ii) Five Million Dollars (\$5,000,000). If Developer pays the Phase III FMV Fee by the Phase III FMV Outside Date but then fails to Commence Construction of Phase III by the Phase III Outside Construction Start Date, Authority shall retain, as its sole and exclusive remedy for Developer’s failure to proceed with the balance of the Project, liquidated damages in an amount equal to the sum of the amounts set forth in clauses (i) and (ii) in the preceding sentence (*i.e.*, the sum total of fifteen percent (15%) of 90% of the then Fair Market Value of the Phase III Parcel and \$5,000,000)”

7.10 Amendment of Section 204(G)(XII). The first sentence of Section 204(G)(XII) of the Original DDA is hereby amended in its entirety to provide as follows:

“Fair Market Value shall be determined in the following manner: within twenty (20) days after Authority receives a FMV Notice (but in no event earlier than six (6) months prior to the date that the parties will enter into the Phase IIB Ground Lease (or the Phase IIC Ground Lease or the Phase III Ground Lease, as applicable)), Authority and Developer will each select an MAI certified appraiser with at least ten (10) years of experience appraising first-class, mixed-use, urban infill office, retail, hospitality and residential property in the City of Los Angeles (the “Qualified Appraiser”) to perform an MAI appraisal of the Fair Market Value of the applicable Parcels.”

8. Phase III Schedule of Performance. The Schedule of Performance for Phase III attached to the Original DDA as Exhibit “C” is hereby deleted and replaced with the Schedule of Performance for Phase III attached hereto as Schedule 4.3.

9. Alternate Phase III Option. If Authority, the County, the State or other governmental entity or public agency (“**Alternative Phase III Developer**”) desires to develop Phase III of the Project for a public use (such as, for example, a courthouse or hall of administration), Authority shall give written notice to Developer identifying the Alternative Phase III Developer and describing the proposed public use of Phase III. Such notice shall specify a deadline, which shall be at least six (6) months after the date of the notice, for Developer to execute the Phase III Ground Lease and pay Authority the Leasehold Acquisition Fee for the Phase III Parcel (which shall be the Phase III FMV Fee, unless the Phase III Adjusted Leasehold Acquisition Fee is paid prior to the Phase III Adjusted Leasehold Acquisition Fee Outside Date). If Developer fails to execute the Phase III Ground Lease and pay the proper Leasehold Acquisition Fee for the Phase

III Parcel by the deadline set forth in the notice from Authority, then (i) Developer will no longer have any right whatsoever to ground lease or develop Phase III, and the County and Authority shall each have the right to transfer its interest in the Phase III Parcel to any party on such terms and at such price as it may determine in its sole discretion (provided that any transfer by Authority of its interest in the Phase III Parcel shall be subject to the approval of the County), (ii) Authority shall have the right set forth in Section 204(G)(IX) of the Original DDA to cause Developer to convey the Developer Parcel (Parcel W-1) to Authority or a third party designated by Authority, pursuant to the terms of said Section 204(G)(IX), and (iii) Developer shall not be obligated to pay liquidated damages to Authority for Developer's failure to develop Phase III. County may be the Alternative Phase III Developer hereunder in connection with construction of a County Office Building or other use, and nothing in Section 213 of the Original DDA shall be construed to limit, restrict or prohibit same.

10. **Authority Review and Approval of Plans, Drawings and Related Documents.**

Section 405 of the Original DDA contemplates that the review and approval of Project Documents by the Authority may be by either the Authority Board or by Authority's Real Property Negotiator, the Grand Avenue Committee, acting through its Managing Director. Authority hereby confirms that it is delegating to the Real Property Negotiator, the Grand Avenue Committee, acting through its Managing Director, the obligation and authority to review and approve all Project Documents relating to each Phase of the Grand Avenue Project, and if such Managing Director is no longer able or available to perform such duties on behalf of the Authority, then such obligations and authority for review and approval of the Project Documents shall be delegated to the staff designated as the replacement for such Managing Director of the Grand Avenue Committee.

11. **General Provisions.**

11.1 Binding Agreement; Future Amendments. This Amendment shall be binding upon and inure to the benefit of the parties hereto, their legal representatives, successors and permitted assigns.

11.2 Ratification; Conflicts. Except as specifically amended or modified herein, each and every term, covenant, and condition of the Original DDA, as amended by the DDA First Amendment, is hereby ratified and shall remain in full force and effect. In the event of a conflict between the Original DDA as amended by the DDA First Amendment and this Amendment, this Amendment shall prevail.

11.3 Counterparts. This Amendment may be executed in one or more counterparts, and each set of duly delivered identical counterparts which includes all signatories shall be deemed to be one original document.

[Remainder of Page intentionally left blank; signatures on following pages]

IN WITNESS WHEREOF, Authority, Developer and Phase IIA Developer have caused this Amendment to be executed as of the day and year first above written.

“AUTHORITY”

THE LOS ANGELES GRAND AVENUE
AUTHORITY,
a California joint powers authority

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

Carmen A. Trutanich
City Attorney

By: _____
Timothy J. Chung
Deputy City Attorney

APPROVED AS TO FORM:

Andrea Sheridan Ordin
County Counsel

By: _____
Helen S. Parker
Principal Deputy County Counsel

“DEVELOPER”

GRAND AVENUE L.A., LLC,
a Delaware limited liability company

By: RELATED GRAND AVENUE, LLC,
a Delaware limited liability company,
its Manager

By: THE RELATED COMPANIES, L.P.,
a New York limited partnership,
its Managing Member

By: The Related Realty Group, Inc.,
a Delaware corporation,
its sole General Partner

By: _____
Name: _____
Title: _____

[signatures continued on following page]

[signatures continued from preceding page]

“PHASE IIA DEVELOPER”

THE BROAD COLLECTION,
a California nonprofit public benefit corporation

By: _____

Name: Eli Broad

Title: President

The undersigned hereby consents to and approves of the foregoing Amendment to Disposition and Development Agreement.

Dated: April ___, 2011

CRA:

THE COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF LOS ANGELES,
a public body, corporate and politic

By: _____

Christine Essel

Its: Chief Executive Officer

APPROVED AS TO FORM:
Carmen Trutanich, City Attorney

By: _____

CRA/LA General Counsel

[signatures continued on following page]

[signatures continued from preceding page]

The undersigned hereby consents to and approves of the foregoing Amendment to Disposition and Development Agreement.

Dated: April __, 2011

COUNTY:

[add County signature blocks]

SCHEDULE 1
GARAGE AIRSPACE PARCEL

LEGAL DESCRIPTION

EXPANDED GARAGE PARCEL

Master Parcel B and a portion of Airspace Parcel C of Parcel Map L.A. No. 2006-4125, in the City of Los Angeles, County of Los Angeles, State of California, as per map filed in Book 357, Pages 71 through 76, inclusive of Parcel Maps, Records of said County, having an upper elevation of 385.50 feet.

Excepting therefrom that portion of said Airspace Parcel C lying southwesterly of the southwesterly line of said Master Parcel B.

Said elevations are based upon National Geodetic Survey Benchmark C 1296 (PID EW6906), having an elevation of 295.40 feet (June 1995 adjustment, North American Vertical Datum 1988), described as follows: an NGS brass disk stamped "C 1296 1977", encased in 4 inch PVC pipe with cap in lawn lying 214 feet northeast from centerline intersection of Spring Street and First Street and 54 feet southeast of centerline of Spring Street.

This Legal Description is shown on the accompanying "Exhibit "A-1" – Legal Description Map", is made a part hereof for reference purposes and was prepared as a convenience and is not intended for the use in the division and/or conveyance of land in violation of the Subdivision Map Act of the State of California.



A handwritten signature in black ink, appearing to read "John Chiappe Jr.", written over a horizontal line.

John Chiappe Jr., PLS 7230

PSOMAS

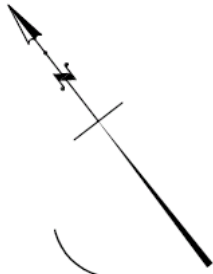
Date: 2/10/2011

SCALE: 1" = 50'

SHEET 2 OF 2 SHEETS

EXHIBIT 'A-1' LEGAL DESCRIPTION MAP

IN THE CITY OF LOS ANGELES
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA



BENCHMARK: NATIONAL GEODETIC SURVEY BENCHMARK C 1296 (PID EW6906),
ELEVATION = 295.40 FEET (JUNE 1995 ADJUSTMENT, NORTH AMERICAN VERTICAL
DATUM 1988), DESCRIBED AS FOLLOWS: AN NGS BRASS DISK STAMPED "C 1296
1977", ENCASED IN 4 INCH PVC PIPE WITH CAP IN LAWN LYING 214 FEET
NORTHEAST FROM CENTERLINE INTERSECTION OF SPRING STREET AND FIRST
STREET AND 54 FEET SOUTHEAST OF CENTERLINE OF SPRING STREET.

SECOND STREET

HOPE STREET

PARCEL MAP L.A.

POR

(C)

No. 2006-4125

POR

(B)

PMB 357-71176

GRAND AVENUE

ELEV =
385.50'

GENERAL THADDEUS KOSCIUSZKO WAY

DATE: 02/18/11 REVISED ON:
JOB No: 1ELI020100 TASK 103

50' 25' 0' 50'

GRAPHIC SCALE
1" = 50'

The Broad Collection

PL-1LGL03

PSOMAS

555 South Flower Street, Suite 4400
Los Angeles, CA 90071
(213)223-1400 (213)223-1444 (FAX)

Plotted: 02/18/11 13:43:53 W:\ELI020100\SURVEY\LEGALS\PL\PL-1LGL03.DWG jchapple

SCHEDULE 2
PLAZA PARCEL

LEGAL DESCRIPTION

PLAZA PARCEL

A portion of Airspace Parcel C and a portion of General Thaddeus Kosciuszko Way of Parcel Map L.A. No. 2006-4125, in the City of Los Angeles, County of Los Angeles, State of California, as per map filed in Book 357, Pages 71 through 76, inclusive of Parcel Maps, Records of said County, having a lower elevation of 377.00 feet.


Excepting therefrom that portion of said Airspace Parcel C lying northeasterly of the southwesterly line of Master Parcel B of said Parcel Map L.A. No. 2006-4125.

Also excepting therefrom that portion of said Airspace Parcel C lying southwesterly of the northeasterly line of Master Parcel A of said Parcel Map L.A. No. 2006-4125.

Said elevations are based upon National Geodetic Survey Benchmark C 1296 (PID EW6906), having an elevation of 295.40 feet (June 1995 adjustment, North American Vertical Datum 1988), described as follows: an NGS brass disk stamped "C 1296 1977", encased in 4 inch PVC pipe with cap in lawn lying 214 feet northeast from centerline intersection of Spring Street and First Street and 54 feet southeast of centerline of Spring Street.

This Legal Description is shown on the accompanying "Exhibit "B-1" – Legal Description Map", is made a part hereof for reference purposes and was prepared as a convenience and is not intended for the use in the division and/or conveyance of land in violation of the Subdivision Map Act of the State of California.




John Chiappe Jr., PLS 7230
PSOMAS
Date: 2/18/2011

SCALE: 1" = 50'

SHEET 2 OF 2 SHEETS

EXHIBIT 'B-1' LEGAL DESCRIPTION MAP

IN THE CITY OF LOS ANGELES
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

BENCHMARK: NATIONAL GEODETIC SURVEY BENCHMARK C 1296 (PID EW6906),
ELEVATION = 295.40 FEET (JUNE 1995 ADJUSTMENT, NORTH AMERICAN VERTICAL
DATUM 1988), DESCRIBED AS FOLLOWS: AN NGS BRASS DISK STAMPED "C 1296
1977", ENCASED IN 4 INCH PVC PIPE WITH CAP IN LAWN LYING 214 FEET
NORTHEAST FROM CENTERLINE INTERSECTION OF SPRING STREET AND FIRST
STREET AND 54 FEET SOUTHEAST OF CENTERLINE OF SPRING STREET.

SECOND STREET

HOPE STREET

GRAND AVENUE

PARCEL MAP L.A.

POR

(C)

No. 2006-4125

POR

(B)

PMB 357-71178

ELEV =
362.8'

ELEV =
377.00'

GENERAL THADDEUS KOSCIUSZKO WAY

ELEV =
354.9'

PARCEL

POR

(C)

MAP L.A.

No. 2006-4125

POR

(A)

PMB 357-71178

DATE: 02/18/11 REVISED ON:
JOB No: 1ELI020100 TASK 103

50' 25' 0' 50'

GRAPHIC SCALE
1" = 50'

The Broad Collection

PL-1LGL04

PSOMAS

555 South Flower Street, Suite 4400

Los Angeles, CA 90071

(213)223-1400 (213)223-1444 (FAX)

Plotted: 02/18/11 15:06:47 W:\ELI020100\SURVEY\LEGALS\PL-1LGL04.DWG jchiappe

SCHEDULE 4.3

REVISED PHASE IIB, PHASE IIC AND PHASE III SCHEDULE OF PERFORMANCE

| <u>PHASE IIB IMPROVEMENTS</u> | |
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| | |
| <u>Submission – Schematic Design Drawings.</u> Developer shall prepare and submit to Authority its Schematic Design Drawings for the Phase IIB Improvements. | August 1, 2011. |
| <u>Review and Approval – Schematic Design Drawings.</u> Authority, CRA and the County shall review and approve the Schematic Design Drawings as provided in Section 405 of the DDA. | Within forty-five (45) days after receipt of the Schematic Design Drawings by Authority. |
| <u>Submission – Design Development Drawings and Preliminary Landscape Plans.</u> Developer shall prepare and submit to Authority Design Development Drawings and Preliminary Landscape Plans for the Phase IIB Improvements. | Within one hundred twenty (120) days after receipt of Authority approval of the Schematic Design Drawings. |
| <u>Review and Approval- Design Development Drawings.</u> Authority shall review and approve the Design Development Drawings and Preliminary Landscape Plans as provided in Section 405 of the DDA. | Within fifteen (15) days after receipt of the submission by Authority. |
| <u>Submission – 80% Construction Documents and Final Landscape Plans.</u> Developer shall submit 80% Construction Documents (80% complete set of plans and specifications sufficient for issuance of building permits) and Final Landscape Plans for the Phase IIB Improvements. | Within one hundred twenty (120) days after Developer's submittal of Design Development Drawings for the relevant improvements. |
| <u>Review and Approval – 80% Construction Documents and Landscape Plans.</u> Authority shall review and approve the 80% Construction Documents and Landscape Plans as provided in Section 405 of the DDA. The parties acknowledge that Developer may | Within fifteen (15) days after receipt by Authority. |

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| proceed with demolition, foundation and grading activities in accordance with City-issued permits, prior to the approval by Authority of 80% Construction Documents for the Phase IIB Improvements. | |
| <u>Orientation.</u> Developer shall coordinate a preconstruction orientation meeting with Developer's general contractors and Authority. | Prior to commencement of grading activities in connection with the Phase IIB Improvements. |
| <u>Submission – Final Construction Documents.</u> Developer shall submit Final Construction Documents for the Phase IIB Improvements. | Within one hundred (100) days after Developer's submittal of the 80% Construction Documents for the Phase IIB Improvements. |
| <u>Review and Approval – Final Construction Documents.</u> Authority shall review and approve the Final Construction Documents. | Within fifteen (15) days after receipt by Authority. |
| <u>Submission - Proposed Construction Budget.</u> Developer shall provide Authority with a proposed construction budget pursuant to Section 408(2) with respect to the Phase IIB Improvements. | Within ten (10) days after Authority approval of Final Construction Documents for the Phase IIB Improvements. |
| <u>Review and Approval - Final Construction Budget.</u> Authority shall approve or disapprove, as set forth in Section 408(2), the proposed construction budget for the Phase IIB Improvements, which shall then become the Final Construction Budget for such Improvements. | Within fifteen (15) days after receipt by Authority. |
| <u>Commencement of Construction.</u> The Commencement of Construction of the Phase IIB Improvements shall have occurred. | October 1, 2012 (“ Phase IIB Outside Construction Start Date ”). |
| <u>Completion of Construction.</u> Developer shall submit a certificate of substantial completion from Developer's architect with respect to the Phase IIB Improvements. | Within thirty (30) months of Commencement of Construction of the Phase IIB Improvements; but in no event later than March 31, 2015. |

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| <u>Final Inspection.</u> Authority shall conduct a final inspection of all Phase IIB Improvements. | Within thirty (30) days after request by Developer, as applicable. |
| <u>Issuance of Authority Certificate of Completion.</u> Authority shall issue in recordable form the Certificate of Completion for the Phase IIB Improvements. | Within thirty (30) days after receipt by Authority of Developer's written request, provided all requirements for issuance have been satisfied. |
| <p><u>Architect's Assignment.</u> Developer shall execute and deliver the Architect's Assignment with respect to the Phase IIB Improvements to the Authority and the CRA.</p> <p>Notwithstanding the foregoing, Developer shall not be in breach of its obligations hereunder if Developer is unable to comply with the provisions of this Paragraph due to Developer's contractual obligations with Developer's architect for Phase IIB.</p> | Within thirty (30) days after the issuance of the final Certificate of Occupancy by the City of Los Angeles. |
| <u>PHASE IIC IMPROVEMENTS</u> | |
| <u>Submission – Schematic Design Drawings.</u> Developer shall prepare and submit to Authority its Schematic Design Drawings for the Phase IIC Improvements. | At least fifteen (15) months prior to the Phase IIC Outside Construction Start Date. |
| <u>Review and Approval – Schematic Design Drawings.</u> Authority, CRA and the County shall review and approve the Schematic Design Drawings as provided in Section 405 of the DDA. | Within forty-five (45) days after receipt of the Schematic Design Drawings by Authority. |
| <u>Submission – Design Development Drawings and Preliminary Landscape Plans.</u> Developer shall prepare and submit to Authority Design Development Drawings and Preliminary Landscape Plans for the Phase IIC Improvements. | Within one hundred twenty (120) days after receipt of Authority approval of the Schematic Design Drawings. |
| <u>Review and Approval- Design Development Drawings.</u> Authority shall review and approve the Design Development Drawings and Preliminary Landscape Plans as provided | Within fifteen (15) days after receipt of the submission by Authority. |

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| in Section 405 of the DDA. | |
| <u>Submission – 80% Construction Documents and Final Landscape Plans.</u> Developer shall submit 80% Construction Documents (80% complete set of plans and specifications sufficient for issuance of building permits) and Final Landscape Plans for the Phase IIC Improvements. | Within one hundred fifteen (115) days after Developer's submittal of Design Development Drawings for the relevant improvements. |
| <u>Review and Approval – 80% Construction Documents and Landscape Plans.</u> Authority shall review and approve the 80% Construction Documents and Landscape Plans as provided in Section 405 of the DDA. The parties acknowledge that Developer may proceed with demolition, foundation and grading activities in accordance with City-issued permits, prior to the approval by Authority of 80% Construction Documents for the Phase IIC Improvements. | Within fifteen (15) days after receipt by Authority. |
| <u>Orientation.</u> Developer shall coordinate a preconstruction orientation meeting with Developer's general contractors and Authority. | Prior to commencement of grading activities in connection with the Phase IIC Improvements. |
| <u>Submission – Final Construction Documents.</u> Developer shall submit Final Construction Documents for the Phase IIC Improvements. | Within one hundred fifteen (115) days after Developer's submittal of the 80% Construction Documents for the Phase IIC Improvements. |
| <u>Review and Approval – Final Construction Documents.</u> Authority shall review and approve the Final Construction Documents. | Within fifteen (15) days after receipt by Authority. |
| <u>Submission - Proposed Construction Budget.</u> Developer shall provide Authority with a proposed construction budget pursuant to Section 408(2) with respect to the Phase IIC Improvements. | Within fifteen (15) days after Authority approval of Final Construction Documents for the Phase IIC Improvements. |
| <u>Review and Approval - Final Construction Budget.</u> Authority shall approve or | Within fifteen (15) days after receipt by Authority. |

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| disapprove, as set forth in Section 408(2), the proposed construction budget for the Phase IIC Improvements, which shall then become the Final Construction Budget for such Improvements. | |
| <u>Commencement of Construction.</u> The Commencement of Construction of the Phase IIC Improvements shall have occurred. | Within eighteen (18) months after the issuance of a certificate of substantial completion for the Phase IIB Improvements, but in no event later than October 1, 2016 (“ Phase IIC Outside Construction Start Date ”). |
| <u>Completion of Construction.</u> Developer shall submit a certificate of substantial completion from Developer's architect with respect to the Phase IIC Improvements. | Within thirty (30) months after the Commencement of Construction of the Phase IIC Improvements, but in no event later than March 31, 2019. |
| <u>Final Inspection.</u> Authority shall conduct a final inspection of all improvements. | Within thirty (30) days after request by Developer, as applicable. |
| <u>Issuance of Authority Certificate of Completion.</u> Authority shall issue in recordable form the Certificate of Completion for the Phase IIC Improvements. | Within thirty (30) days after receipt by Authority of Developer's written request, provided all requirements for issuance have been satisfied. |
| <u>Architect's Assignment.</u> Developer shall execute and deliver the Architect's Assignment with respect to the Phase IIC Improvements to the Authority and the CRA. Notwithstanding the foregoing, Developer shall not be in breach of its obligations hereunder if Developer is unable to comply with the provisions of this Paragraph due to Developer's contractual obligations with Developer's architect for Phase IIC. | Within thirty (30) days after the issuance of the final Certificate of Occupancy by the City of Los Angeles. |
| <u>PHASE III IMPROVEMENTS</u> | |
| <u>Submission – Schematic Design Drawings.</u> Developer shall prepare and submit to Authority its Schematic Design Drawings for the Phase III Improvements. | At least fifteen (15) months prior to the Phase III Outside Construction Start Date. |

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| <p><u>Review and Approval – Schematic Design Drawings.</u> Authority, CRA and the County shall review and approve the Schematic Design Drawings as provided in Section 405 of the DDA.</p> | <p>Within forty-five (45) days after receipt of the Schematic Design Drawings by Authority.</p> |
| <p><u>Submission – Design Development Drawings and Preliminary Landscape Plans.</u> Developer shall prepare and submit to Authority Design Development Drawings and Preliminary Landscape Plans for the Phase III Improvements.</p> | <p>Within one hundred twenty (120) days after receipt of Authority approval of the Schematic Design Drawings.</p> |
| <p><u>Review and Approval- Design Development Drawings.</u> Authority shall review and approve the Design Development Drawings and Preliminary Landscape Plans as provided in Section 405 of the DDA.</p> | <p>Within fifteen (15) days after receipt of the submission by Authority.</p> |
| <p><u>Submission – 80% Construction Documents and Final Landscape Plans.</u> Developer shall submit 80% Construction Documents (80% complete set of plans and specifications sufficient for issuance of building permits) and Final Landscape Plans for the Phase III Improvements.</p> | <p>Within one hundred fifteen (115) days after Developer’s submittal of Design Development Drawings for the relevant improvements.</p> |
| <p><u>Review and Approval – 80% Construction Documents and Landscape Plans.</u></p> <p>Authority shall review and approve the 80% Construction Documents and Landscape Plans as provided in Section 405 of the DDA.</p> <p>The parties acknowledge that Developer may proceed with demolition, foundation and grading activities in accordance with City-issued permits, prior to the approval by Authority of 80% Construction Documents for the Phase III Improvements.</p> | <p>Within fifteen (15) days after receipt by Authority.</p> |
| <p><u>Orientation.</u> Developer shall coordinate a preconstruction orientation meeting with Developer's general contractors and Authority.</p> | <p>Prior to commencement of grading activities in connection with the Phase III Improvements.</p> |

| | |
|--|--|
| <u>Submission – Final Art Budget.</u> Developer shall submit a final Art Budget for the Phase III Improvements. | The date on which Developer has obtained all necessary permits required for the construction of the Phase III Improvements. |
| <u>Submission – Final Construction Documents.</u> Developer shall submit Final Construction Documents for the Phase III Improvements. | Within one hundred fifteen (115) days after Developer’s submittal of the 80% Construction Documents for the Phase II Improvements. |
| <u>Review and Approval – Final Construction Documents.</u> Authority shall review and approve the Final Construction Documents. | Within fifteen (15) days after receipt by Authority. |
| <u>Submission - Proposed Construction Budget.</u> Developer shall provide Authority with a proposed construction budget pursuant to Section 408(3) with respect to the Phase III Improvements. | Within fifteen (15) days after Authority approval of Final Construction Documents for the Phase III Improvements. |
| <u>Review and Approval - Final Construction Budget.</u> Authority shall approve or disapprove, as set forth in Section 408(3), the proposed construction budget for the Phase III Improvements, which shall then become the Final Construction Budget for such Improvements. | Within fifteen (15) days after receipt by Authority. |
| <u>Commencement of Construction.</u> The Commencement of Construction of the Phase III Improvements shall have occurred. | Within eighteen (18) months after the issuance of a certificate of substantial completion for the Phase IIB Improvements, but in no event later than October 1, 2016 (“ Phase III Outside Construction Start Date ”). |
| <u>Completion of Construction.</u> Developer shall submit a certificate of substantial completion from Developer's architect with respect to the Phase III Improvements. | Within thirty (30) months after the Commencement of Construction of the Phase III Improvements, but in no event later than March 31, 2019. |
| <u>Final Inspection.</u> Authority shall conduct a final inspection of all improvements. | Within thirty (30) days after request by Developer, as applicable. |
| <u>Issuance of Authority Certificate (or Partial Certificate) of Completion.</u> Authority shall issue in recordable form the Certificate of Completion (or Partial Certificate of | Within thirty (30) days after receipt by Authority of Developer's written request, provided all requirements for issuance have been satisfied. |

| | |
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| Completion, as appropriate). | |
| <p><u>Architect's Assignment.</u> Developer shall execute and deliver the Architect's Assignment with respect to the Phase III Improvements to the Authority and the County.</p> <p>Notwithstanding the foregoing, Developer shall not be in breach of its obligations hereunder if Developer is unable to comply with the provisions of this Paragraph due to Developer's contractual obligations with Developer's architect.</p> | <p>Within thirty (30) days after the issuance of the final Certificate of Occupancy by the City of Los Angeles.</p> |

SCHEDULE 4.4

CONCEPT DESIGN DRAWINGS FOR PHASE IIB

To be attached

SCHEDULE 4.6

AFFORDABLE HOUSING LOAN TERM SHEET

The following are certain terms for a Residual Receipts Loan Agreement between the Los Angeles Grand Avenue Authority (“Authority”) and Grand Avenue L.A., LLC (“Related”). All capitalized terms used herein that are not defined herein shall have the meanings given to them in the Amended DDA:

1. **Affordable Housing Restriction.** Pursuant to the Original DDA, residential units at Phase IIB are required to be restricted to the following affordability levels: 20% of the units are restricted to less than or equal to 60% of area median income (“AMI”) as determined by the California Tax Credit Allocation Committee (“TCAC”), but in no case more than 120% of Area Median Income in accordance with HCD rent levels for CRA funded affordable housing units, and the remaining units are unrestricted “market-rate” rental units. One manager unit shall be provided. Phase IIB is planned to include at least 52 affordable units meeting the forgoing affordability requirement. The rental unit affordability restrictions at 60% of AMI and lower shall last for 55 years from the date of recordation of the Notice of Completion for the Phase IIB.
2. **Loan Amount.** Authority will provide Related partial funding for Phase IIB in the form of a Residual Receipts Loan of \$5,626,000, which is equivalent to (i) \$100,000 per unit for 52 affordable units to be included in Phase IIB plus (ii) \$426,000 which is the amount of escalation in the \$100,000 per unit subsidy contemplated by the Amended DDA based on the Consumer Price Index increase per the Original DDA (such sum, together with all interest earned thereon while on deposit with the County Treasurer, is referred to herein as the “Loan”).
3. **Interest Rate.** The Loan will accrue 3% simple interest from and after the date of each funding by Authority until repaid in full.
4. **Maturity Date.** The Loan will be due and payable 55 years from the date of recordation of the Notice of Completion for the Phase IIB (“Maturity”).
5. **Loan Assumption.** The Loan will be assumable in the event Related chooses to dispose Phase IIB to a qualified purchaser (“Sale”).
6. **Interest Payments.** The accrued interest will be due and payable in the event Related chooses to recapitalize or refinance Phase IIB, enter into a Sale, and at Maturity.
7. **Funding.** The Loan will be periodically disbursed for payment of costs incurred for the construction of Phase IIB. Initial disbursement will be funded at construction loan closing (“Closing”).
8. **Repayment of the Loan (Cash Flow Distribution).** Cash flow from Phase IIB after operating expenses (including deposits into required reserve accounts) and debt service will be distributed pursuant to the following priorities:

- i. Payment of annual partnership management fees of \$25,000 subject to annual CPI adjustments.
 - ii. Payment of Equity LC Fees.
 - iii. Payment of required 20% Market Rate Preferred Return on equity.
 - iv. 50% of the residual cash flow will be distributed pari passu to repay the Loan and any additional forms of public sector loans made to Phase IIB based upon the loan amounts at conversion.
 - v. Remaining 50% of the residual cash flow shall be retained by project sponsor.
9. Property Management. Related Management Company (“RMC”) will manage Phase IIB. The Property Management Fee shall not exceed 6% of Effective Gross Income.
10. Permits. CRA and Authority shall assist Related in obtaining all required entitlements and shall prepare and execute all attachments needed from the CRA for the TCAC and CDLAC applications.